Policy Committee of the Energy Trust Board of Directors

December 14, 2010, 4:00-5:15 pm

Attendees

Jason Eisdorfer, John Reynolds (by telephone), Caddy McKeown (by telephone), Margie Harris, Peter West, Steve Lacey, Amber Cole, Fred Gordon and John Volkman

1. Agenda for February utility roundtable

We planned a utility roundtable the morning of the February 9 board meeting. Agenda items were solicited from all utilities. Only Jim Abrahamson of Cascade Natural Gas responded with suggestions as noted, below. Staff also suggested agenda items:

- EEAST pilot interactions and issues with CEWO / ETO (Jim Abrahamson)
- Discussion of goals, agreement on terminology, relationship to Energy Trust-utility agreements, etc. To make our utility contracts and budgeting consistent, we propose to use our conservative goal (15% under stretch goal) as the utility contract and IRP goal; Steve is working on a discussion piece
- Legislative issues (Energy Trust staff):
    - BETC/RETC prospects
    - BETC/RETC interaction with SB 838 funding: if BETC/RETC end or are reduced, what should happen with SB 838 supplemental efficiency funding?
    - Other energy efficiency financing issues
    - Energy conservation in schools
    - Climate-related developments
- Outreach to rural areas – lessons and coordination (Jim Abrahamson)
- ETO / utility coordination where there is substantial overlap with non-ETO utilities (COU's and IOU's who are not part of ETO) (Jim Abrahamson)

2. Budget update.

Margie briefed the committee on budget comments from OPUC, WISE and several utilities, and staff's proposed responses. The OPUC would like metrics against which to measure budget themes. NW Natural suggests more of an emphasis on efficiency equipment. Peter reported on preliminary 2010 results in relation to goals. The committee discussed the impact of smaller and more expensive-than-anticipated NEEA savings.

3. Amendment to contract policy.

At the last meeting, the committee discussed whether policy changes are needed for situations in which Energy Trust pays more than $500,000 under two or more contracts that individually are each under $500,000. In November, the committee asked staff to draft amendments to the policy clarifying that Margie has contract signature authority in these situations, and should report to the board vendor payments that cumulatively exceed $500,000. Staff proposed a policy revision requiring staff to report annually to the Policy Committee when Energy Trust has paid more than $500,000 to an individual contractor in a given calendar year. Energy Trust data systems can provide automated reports on payments in a calendar year, but cannot report expenditures cumulatively over more than a year. The committee discussed two other alternatives: a lower dollar threshold for automated calendar-year reports, or manual reports for a limited category of contractors and expenditures (e.g., service incentives to the contractors that this issue originally arose from – ATACs, ITSPs, etc.).

The committee thought the calendar-year limitation was fine, recognizing that if problems emerge, the committee can revisit the policy. The committee also discussed whether the report should go to the Policy Committee or the Finance Committee and concluded that the Policy Committee should take responsibility for it. The committee suggested the revised policy be put on the consent agenda for board action.

4. Update on information transfer rules.

The OPUC and their counsel are reviewing the data transfer rules developed with interested parties earlier this year. We hope that rulemaking will begin in early 2011. It is possible that issues will be raised in the rulemaking process, and we know of nothing that looks like it will prevent initiation of rulemaking.

5. Schedule of policy issues for review in 2011:

- Confidentiality policy (was due May 2010, waiting for data transfer rules)
- Contract execution and oversight (Feb. 2011, is being addressed in item #3)
- Cost-effectiveness policy and methodology: Feb. 2011
- Lost opportunities: Mar. 2011
- Competition rules: Mar. 2011
- Reliability versus risk: April 2011
- Fuel switching: May 2011
- Screening new opportunities: July 2011
- Equity: Sept. 2011
- CHP: Sept. 2011
- Program approval process: Dec. 2011

All policies can be accessed on the web: http://energytrust.org/About/policy-and-reports/Policies.aspx

6. Secretary of State Performance Audit.

We were notified last Friday that the Secretary of State will audit the public purpose fund and one potential interest is the funds administered by Energy Trust. Margie, Sue and John are meeting with the state auditor and the OPUC on December 16 to discuss scope. The inquiry involves SB 1149 funds only, according to the auditor's letter. The committee suggested that this could be an opportunity for us to demonstrate how well Energy Trust has managed these funds.

7. Other.

Margie reported on the formation of Governor Kitzhaber's staff, legislative leadership changes, and discussion of energy conservation in schools. Among the legislative concepts under discussion: creating an energy efficiency requirement like the renewable portfolio standard; creating an energy commission to oversee ODOE and development of a state energy plan; other structural changes to ODOE; a time-of sale-energy performance rating requirement; and super-efficient-building property tax incentives. There may be proposals to divert the public purpose fund to other uses. The committee also discussed potential proposals to reduce the utilities' carbon footprints.

5.05.009-P Contract Execution and Oversight Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	September 8, 2004		September 2007
Board Decision	October 3, 2007	Amended (R449)	October 2010
Board Decision	February 13, 2008	Amended (R465)	February 2011

***Purpose**: The Energy Trust Board of Directors has delegated to the Executive Director authority to execute all contracts on behalf of the organization consistent with the bylaws, PUC grant agreement and governing law. This policy regulates the implementation of this authority.*

Policy:

1. All contracts shall be consistent with the bylaws, PUC grant agreement and governing law.
2. The Energy Trust legal department shall review as to form all contracts before submitting them to the Executive Director.
3. Contracts over the amount of $500,000:
   - No contract will be executed unless the Board of Directors has first reviewed and approved its basic terms.
   - When it approves basic contract terms, the Board may instruct the Executive Director to bring a final contract back to the Board for review and approval before the contract is executed.
   - The Executive Director shall not execute contract amendments that make major changes in contract terms (e.g., more than 10% change in funds obligated, more than 20% change in energy saved or produced, time by which savings will be achieved) unless the Board of Directors has first reviewed and approved the basic terms of the change.
4. Contracts under $500,000: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, is authorized to execute contracts involving less than $500,000 without Board review or approval of basic terms. This authority includes instances in which two or more contracts involving less than $500,000 with a single contractor exceed $500,000 in the aggregate.
5. For programs managed directly by Energy Trust staff, incentive agreements that involve less than $500,000, and are processed in accordance with standardized program forms and procedures that have been reviewed by the legal department may be approved by the relevant department director or management-level staff designated by the department director. This authority includes instances in which multiple incentive payments to a participant or contractor, processed in accordance with standardized program forms and procedures, exceed $500,000 in the aggregate.

6. Not less often than annually, staff shall report to the [Policy/Finance] Committee all instances in which Energy Trust has paid more than $500,000 to an individual contractor in a given calendar year.
7. Staff and in-house contractor employment agreements: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, may execute staff and in-house contractor employment agreements without Board review or approval of basic terms.
8. Contracts not involving a dollar expenditure may be signed by the relevant director or his/her designated manager(s).
9. The Executive Director shall maintain contract records required for an independent audit.