Finance Committee Notes

December 5, 2011

The Finance Committee met at 3:30 pm on October 24, 2011, via teleconference with Dan Enloe, Finance Committee chair; Debbie Kitchin, Board Vice Chair; John Reynolds, Board Chair; Margie Harris, Executive Director; and Sue Sample, CFO attending. Also present for the Green Lane Energy construction loan topic only were Elaine Prause, Thad Roth and Andrew Volkman

Green Lane Energy Construction Loan

At the June, 2010 retreat, the board endorsed a pilot project to test whether Energy Trust can increase the volume and pace of renewable energy projects by providing construction loans to well-conceived projects. In November, the board approved $2,000,000 in funds for Green Lane Energy, Inc. (GLE), an Oregon based company, which proposes to build, own, and operate a 1.6MW merchant biogas plant. The board approved the $2 million with the understanding that it could be committed as an incentive, and that the transaction would be brought back to the board if staff concluded that a loan through the pilot project would be appropriate.

Staff is now proposing that $1 million of the $2 million incentive be offered as an 8-month construction loan. At the end of construction, the loan would convert to a five-year loan and be repaid from incentive funds.

The committee reviewed and discussed the materials provided by staff and Mr. Volkman, Energy Trust's financial consultant. They discussed the terms of the loan and the risk mitigation strategies proposed by staff. Much of the discussion revolved around the amount of risk Energy Trust is absorbing versus its desire to remove market barriers in credible projects like this one.

The committee considers this proposal to be "informed risk taking" and suggested that staff ensure that all feasible, but not prohibitive, risk mitigation strategies be pursued.

Review Proposed Final 2012 budget

The committee reviewed the changes made between the draft and proposed final budgets, which were relatively minor in nature.

Revenues for 2011 were adjusted to reflect actual receipts through November which impacted carryover going forward. 2011 savings forecast were not revised, although forecasted expenditures changed slightly. The net impact for 2011 was to reduce efficiency and activity based carryover by slightly less than $3 million.

For 2012, the following changes were made:

- In Pacific Power, revenue was reduced by $1.6 million to agree with actual rate filing
- In Pacific Power, expenses and savings achievements were reduced particularly in Existing Buildings and Production Efficiency programs
- NEEA savings were corrected upon receipt of better estimates
- Renewable generation was increased by 1.8 aMW from projects moved from 2011 and newly identified projects
- Some support area costs were reduced

Energy Trust has received public comment from the Oregon Public Utility Commission and from the individual utilities. Margie and Sue are working on preparing the presentation materials for the Budget Binder which will include those comments and how Energy Trust incorporated the issues represented in them into the Proposed Final Budget.

Review October 31, 2011 Financial Statements

The committee had been previously provided copies of the October financial statements and the contract summary report. Comments and questions were solicited. The committee identified nothing unusual in the reports, merely a continuation of trends from earlier in the year.

ISI Project Update

Margie provided an update on the Integrated Solutions Implementation Project and the steps staff is taking to ensure a successful outcome.

Finance Committee Schedule

The committee will meet next on March 12, 2012, to review the draft audited financial statements.

The meeting adjourned at 4:45 pm.