

Board Meeting Minutes—122nd Meeting

July 31, 2013

Board members present: Rick Applegate, Ken Canon (by phone), Anne Donnelly, Dan Enloe, Roger Hamilton, Jeff King, Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root (by phone), Dave Slavensky

Board members absent: Julie Brandis, Mark Kendall, Lisa Schwartz (ODOE special advisor), John Savage (OPUC *ex officio*)

Staff attending: Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Peter West, Sue Meyer Sample, Fred Gordon, Thad Roth, Betsy Kaufman, JP Batmale, Athena Ehnott, John Volkman, Kim Crossman, Tara Crookshank, Kathleen Belkhat, Sue Fletcher, Elizabeth Fox, Alison Ebbott, Michelle Spampinato, Cheryle Easton, Steven Jonas, Diane Ferington, Diana Rockholm, Wendy Bredemeyer, Cheryl Gibson, Jessica Rose, Denise Olsen, Ted Light, Jackie Cameron, Sloan Shang, Susan Jowaiszas, Phil Degens, Erika Kociolek

Others attending: Juliet Johnson (OPUC), Jim Abrahamson (Cascade Natural Gas), Lauren Shapton (PGE), Don Jones, Jr. (Pacific Power), Bill Newell (Cascade Policy Institute), Lisa Wojacki (PECI), Mary Stewart (CSG), Adam Parker (CSG)

Business Meeting

President John Reynolds called the meeting to order at 12:47 p.m.

General Public Comments

There were no public comments.

Consent Agenda

The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.

MOTION: Approve consent agenda

Consent agenda includes:

- 1) May 22 strategic utility roundtable notes
- 2) May 22 board meeting minutes

Moved by: Debbie Kitchin

Seconded by: Dave Slavensky

Vote: In favor: 11

Abstained: 0

Opposed: 0

President's Report

John Reynolds presented on solar electricity and steam, a slightly different look at solar than what the board heard earlier in the day at the Board Strategic Planning Workshop on Renewable Energy.

Concentrating solar power (CSP) converts solar energy to heat, and that heat produces steam. This makes CSP a similar process to other thermal processes like coal, natural gas, biogas and nuclear.

The oil circulating in the pipes can be stored or used to make steam and, for a short time, generate electricity after the sun has gone down.

A picture was shown of Nevada Solar One, a plant with 64 megawatt capacity. While operating, it can meet the air conditioning load in nearby Las Vegas. Dedicated in 2008, it is the first CSP plant of its kind in 16 years. John showed the operating history of the plant from 2007 to 2012. The reflectors are in rows north to south on axis trackers. The arrays can be rotated separately. Under normal operating conditions, the oil enters at 318 degrees Celsius and leaves at 393 degrees Celsius. There is considerable waste heat and that means the plant uses water, both for power plant cooling and for washing the reflector field.

Photovoltaic (PV) has an advantage over CSP due to the smaller water requirement, and by having a simpler process and requiring less maintenance.

Alan: It looks like CSP has a higher power density than PV.

John R: Yes, PV does have a theoretical efficiency limit and solar thermal has its disadvantages.

John R showed a photo of a building that had photovoltaics integrated into the skin of the building, on the roof and wall surfaces.

About one-half of electricity in Oregon is generated using fossil fuel, according to the Oregon Department of Energy in 2010. John R said there is still a long way to go.

Dave: What is the life of PV and CSP? 20 years for PV?

John R: 20 years for PV is an underestimate.

John R clarified the Nevada CSP plant uses wet cooling versus dry cooling.

Committee Reports

Evaluation Committee, Debbie Kitchin

Today's board packet has minutes from the June 28 meeting. The first item was Fast Feedback 2012 Results. Fast Feedback surveys are done on a continuous basis close after a project is completed, while evaluations are contacting projects that have completed a year or two ago. Fast Feedback is useful for evaluating customer service, as well as free rider and spillover rates. The 2012 report shows customer satisfaction exceeds the Oregon Public Utility Commission performance measure.

The second item was the 2013 Lighting Shelf Space Survey, which surveyed retailers and what lighting products get what shelf space. Through this, staff can get a sense of what is available to consumers at their neighborhood store.

The third item was a presentation on the Commercial and Industrial Market Research, a more qualitative survey to understand decision making. Part of the goal was to determine if customer segmentation made sense for commercial and industrial customers. Results showed this would not be very easy because customers differ in many different ways.

Debbie mentioned all studies are available on the Energy Trust website, and the next committee meeting is in September.

John R: For customer satisfaction, we have an actual performance measure to meet, which is good. This survey shows a lower satisfaction rate for New Buildings, do you know why?

Debbie K: The OPUC performance measure is for all programs.

Phil Degens: We will discontinue including New Buildings customers in Fast Feedback. It is hard to contact one person on the project who can respond meaningfully, since these projects usually involve a variety of people over many years. Currently for process evaluations of New Buildings we contact them over the different phases of the project, whether it is a design charrette, design phase, etc.

John R: It is good you are asking different people at more appropriate times.

Alan Meyer: We do a lot of studies, most of the information is not sensitive or proprietary and we are a public organization so we share everything. Are there ever instances that we should not give information out to the public? Information that we have paid for that we would not want out there?

Margie Harris: That has not been our practice of course. I am not aware of any pushback we have received.

Phil: Our major concern is proprietary information on customers. For example, in the industrial program, there are only so many large manufacturers and one could look at it and identify the company. In those cases, we will publish the overall results but not specific, identifiable customer information if we do not have the proper release.

Finance and Compensation Committees, Dan Enloe

The first page after Tab 6 includes an action item, Resolution 672, on renewing Energy Trust's line of credit. For the programs to maintain activity during any unforeseen budget issues, Energy Trust maintains a line of credit. It helps bridge any timing gaps between revenues and expenses, and provides temporary emergency funding if needed. As a result of a request for qualifications, Energy Trust has the option to renew a \$4 million credit through Umpqua Bank. The cost to obtain the credit availability is \$5,000 per year. At the moment, using the line of credit is unlikely. Staff still recommends maintaining it and allowing it to be drawn from by the two officers required to draw it after consultation with the Finance Committee. The line of credit is needed for continuity and consistency of programs.

RESOLUTION 672

AUTHORIZE RENEWAL OF \$4 MILLION LINE OF CREDIT AT UMPQUA BANK

WHEREAS:

- 1. Energy Trust wishes to renew its \$4 million line of credit at Umpqua Bank to bridge timing issues of revenue receipt and program expense, if the need arises.**
- 2. Umpqua Bank has authorized a commitment for a line of credit in the amount of \$4 million at an interest rate of prime minus 0.50 basis points conditioned upon the board's approval by resolution.**
- 3. A fee of \$5,000 is charged by Umpqua Bank for this service.**

It is therefore RESOLVED:

1. **That this corporation, Energy Trust of Oregon, may:**
 - a. **Borrow up to \$4 million from a revolving unsecured line of credit offered by the Umpqua Bank at an interest rate of prime minus 0.50 percent.**
 - b. **Repay the line of credit with monthly interest payments and principal due at maturity, within one year from the date of the agreement.**
2. **Any two (2) of the following officers of this corporation:**
 - a. **President**
 - b. **Vice President**
 - c. **Treasurer**
 - d. **Executive Director**
 - e. **Chief Financial Officer**

are hereby authorized and directed, in the name of this corporation to execute and deliver to Bank and Bank is requested to accept the credit agreements, other instruments, agreements and documents which evidence the obligations of this corporation under the credit facilities obtained or to be obtained pursuant to this resolution.

3. **The Bank is authorized to act upon the foregoing resolution until written notice of revocation is received by the Bank, and the authority hereby granted shall apply with equal force and effect to the successors in the office of the authorized officers.**

Moved by: Dan Enloe

Seconded by: Alan Meyer

Vote: In favor: 11

Abstained: 0

Opposed: 0

Margie: We have had this in place for most of Energy Trust's duration. We have never needed to use it. It is the least favorable way to supplement our funds. We would exhaust our other options before using this.

Alan: It is a very inexpensive safety net.

Dan reviewed the April 2013 financials, saying Cascade Natural Gas revenues were slightly below budget. Steve Lacey met with the utility, as shown in the May 2013 financials, and a plan is in place to get caught up by year end.

Jim Abrahamson, Cascade Natural Gas: The tariff adjustment went into effect. My understanding is of a year-end negative balance of \$392,000, the actual amount of funds Energy Trust advanced to Cascade Natural Gas. Cascade Natural Gas had conversations with Energy Trust on the issue. As a result, Cascade Natural Gas put in a rate tariff to change our public purpose charge, that charge was in effect July 1. We are now collecting 5 percent from customers, plus an additional 0.75 percent. Of the public purpose funds Cascade Natural Gas collects, 95 percent of the money goes to Energy Trust. We are confident we will have sufficient public purpose funds by year end to cover the 2013 budget expenditures and cover the \$392,000 we were in the hole at the start of the year.

Dan: And that will be in line for 2014?

Steve Lacey: They will file another tariff for that.

Jim: We will be looking at two things, backing down collections we no longer have to make and making whatever modifications we need to adjust for the program budget.

John R: What type of customer reaction do you expect?

Jim: We haven't heard of any yet, they would go into our call center in Idaho. They are prepped with scripts. Customers are probably still just opening their bills, plus July is a low gas month and it won't really show up until the fall or winter months. I would anticipate some feedback then.

John R: But that will also coincide with the reduction in the percent of bill going to efficiency.

Dan reviewed the June 2013 financials, especially the under spending of incentives. As usual, Energy Trust is under running incentives with a hockey stick in fourth quarter. The pie chart on page 2 shows a good snapshot of incentives paid by program between January and June 2013. Dan compared changes in incentives paid from this time period to January through June 2012. Existing Buildings went up 2 percent and is now at 49 percent. New Buildings is at 68 percent and in the ball park, it was at 76 percent before. Renewables went down 19 percent, the sector slowed down a lot, and is now only at 51 percent. Energy Trust's incentive situation in renewable is good this year but staff is having a hard time getting incentives out the door.

John R: Keeping in mind there are big renewable energy projects sitting in the queue still.

Dan: Industrial is doing better than anybody right now, having spent 80 percent and increasing. Existing Homes is up 17 percent, and New Homes is up 6 percent.

Margie: I appreciate the analysis. It's noteworthy that the hockey stick effect has been even more extreme in the past few years; it's no longer 50 percent like a few years ago, but now 60 percent to 65 percent in the last quarter of the year.

Dave Slavensky: Have the PMC changes that affected the first quarter settled down?

Margie: They have been worked through. It takes time to transition, with building relationships and getting out in the market. It all seems better now than at the beginning of the year.

Sue Meyer Sample: We are still on track as far as the programs are concerned to at least meet conservative goal.

Policy Committee, Roger Hamilton

A few of the items Policy Committee discussed at the July 2 meeting will be brought to the board later today.

For the first item, Margie briefed the committee on the Program Management Contractor transition "lessons learned" project. Energy Trust contracted with Hitachi Consulting. The findings assumed that Energy Trust's business model to subcontract implementation of programs is not in question, but looked at how the RFP process and the transition were implemented. The review recommended not doing two large transitions at the same time, to make sure support groups are engaged, to engage IT more effectively and to use a dedicated project manager for the transition.

Margie: The findings also support having backfilling resources available, either through staff or contracted resources so the project manager leading the transition can be focused on it.

Roger continued on the findings. The number of RFP responses increases if the contract is broken into multiple scopes. There needs to be a clearly defined project manager for the transition and defined Energy Trust and PMC roles. It was recommended to use the Energy Trust University training model again.

A few agenda items that the committee talked over will be discussed in detail at today's board meeting are the nomenclature around annual goals and utility IRP targets, Program Delivery Contractors Custom Track RFQ results and a proposed amendment to program designations for renewable programs.

The committee also heard from Fred Gordon on Energy Trust's cost-effectiveness exceptions. The OPUC has granted the exception for gas measures through October 18, 2014, and they have expressed their preference for a holistic approach to gas measures instead of Energy Trust coming back for additional exceptions. Energy Trust will take steps to make its gas programs as cost effective as possible, eliminate measures that are not cost effective now or won't be in the future, and eliminate measures that do not meet the exception criteria as set forth in UM 1530. Staff will continue to work with the OPUC and will report back them on July 1, 2014.

Last, there was a legislative update that is also on the agenda for today. HB 2435 involved adding geothermal energy to the types of electrical energy that can be net metered.

Briefing: Strategic Utility Roundtable Discussion

Goals, Funding and Relationship to Utility Integrated Resource Plans

Margie Harris and Steve Lacey presented, along with Jim Abrahamson from Cascade Natural Gas, Lauren Shapton from PGE, Juliet Johnson from the OPUC and Don Jones, Jr from Pacific Power.

Margie gave a briefing on what has transpired between the May 22 utility roundtable and today's meeting. A number of items have been discussed, all in attempts to answer these questions:

1. How should Energy Trust describe its annual electric and gas efficiency goals and their relationships to long-term IRP targets?
2. How could the OPUC set the performance measures for Energy Trust acquisition of efficiency savings to meet utility IRP targets?
3. What is the appropriate level of funding negotiated annually and reserves that Energy Trust maintains for two purposes, contingency and programs?

A review of the consensus points coming out of the May 22 utility roundtable:

1. The existing process used by the utilities to develop and submit IRPs to the OPUC will not be altered.
2. Energy Trust will employ current utility IRP targets identified through regular updates to establish a single goal for each utility on an annual basis. Energy Trust will no longer have goals set in a range from conservative to stretch. The single number is born out of the work on the IRP and Energy Trust will default to the most recent IRP on off-years between updates.
3. Utilities will file tariffs with the OPUC and they will be related to the amount of funding necessary for Energy Trust to achieve that single target for each utility. This is very similar to the process used now.

4. The OPUC will hold Energy Trust accountable for achievement of a minimum of 85 percent of that IRP target. This is also similar to what is in place currently. If there is a problem meeting that 85 percent, Energy Trust must provide an explanation and a plan for remedy. .
5. All parties involved expect Energy Trust results will vary. In some years, Energy Trust may exceed the single number and in some years come under. In no time do anyone want Energy Trust to come under the 85 percent in any one year or sequence of years.
6. One puzzle was linking annual Energy Trust numbers to multi-year action plans each utility has associated with their IRPs. The group will come back to this topic as it's still a challenge. Energy Trust expects savings over time to approximate what those targets are. Margie pointed out that baseline changes every two or three years as the integrated resource plans are updated, and can be adjusted by agreement between Energy Trust and the utility every year.
7. Individually by utility and by all utilities combined, Energy Trust will report on achievements of goals. This is not a major change to current practice. Energy Trust would prominently display goal by utility, progress to goal in quarterly and annual reports, and would show aggregate and individual breakouts, annotating or indicating what is contributing to achievement of that goal or challenges related to that goal.
8. The OPUC will review Energy Trust trend performance relating to multi-year results, just as they do trend performance to other aspects of each utility's IRP.

A smaller working group convened after the roundtable and included Jason Eisdorfer and Juliet Johnson from the OPUC, Don Jones, Jr from Pacific Power, Brian Keeney from PGE, Jim Abrahamson from Cascade Natural Gas, Bill Edmonds from NW Natural, Margie and Steve. The working group also commented on the briefing paper before the board today.

The group meeting began by reaffirming and endorsing all consensus items just recapped for the board. The rest of the meeting focused on two areas outstanding, which were savings acquisition and how it relates to multi-year action plans, plus comments and feedback on Energy Trust reserve accounts.

No solution was arrived at on the multi-year action plan question. It is an elusive subject because of changing the forecasts of loads and savings in each IRP. No one solution was immediately apparent on how to do it. The group determined what is important is capturing, quantifying and explaining achievement and shortfalls.

Don Jones: This was a great exercise in terms of systematically going through linkages. Energy Trust is in IRPs, and IRPs are updated with load forecasts, price curves. The challenge is in coming up with pinpoint estimates plus it's an ongoing planning function. This is done to get it to more closely align. Is it a perfect alignment? Probably not, but it probably can't be because the IRP cycles are different. It's important to lose the excess numbers and get everyone on the same page.

Alan: As imperfect as it may be I'm pleased we're working toward it.

Jim: We're in a bit of a different position than Pacific Power. First, through the working group, I learned the purpose of the roundtable, which is to link the Energy Trust goal with the efficiency goal in each IRP. For Cascade Natural Gas, we were in the process of updating our two-year action plan, which will be updated in August. We will show our true up savings that Energy Trust provides to the OPUC in the true up report for 2006-2011. Then 2012 will show non-true up savings and when 2012

numbers are ready, we will update that in our history. And for 2013, using estimates as provided by Energy Trust and approved by the board in December 2012. The remainder of the 20-year forecast for energy efficiency by customer class comes from the latest technical potential provided by Energy Trust. We will have a mixture of an older 20-year forecast, old meaning a year and a half, and most current numbers for 2013. We'll take the annual efficiency goal from Energy Trust and include that as our IRP target, working with and advising Energy Trust as we go recognizing that Energy Trust is the expert in these fields. Then we fund through changes in the public purpose charge to get to the budgeted levels Energy Trust needs to achieve those savings.

Margie: Jim, you've just demonstrated that this is always a leap frogging effort- one process catching up with the results from another. You capture the most current information, adjust backward when true up is ready and adjust forward when the next action plan is ready.

Lauren: PGE is really encouraged by this. The best thing is goal tracking by individual utility. PGE agrees with all the consensus points in principle. For the statement on slide 3 and also as the last bullet on page one of the briefing paper "Utilities will file tariffs", that is certainly our intention, but there could be situations where Energy Trust is asking for an increase while that hits with other increases. We want to put out there that's not always an absolute automatic for increase in budget. That depends on what else is in the rate filing.

Juliet: The OPUC would expect you to do that, too.

Margie: Thank you for the discussion; let's move on to reserves. This was discussed at the working group, and is a decision the board can entertain at a future meeting. There are two different reserves. The first reserve is an organization-wide contingency reserve, currently known as the interest reserve. This could be called something else, like operating reserve. Energy Trust sets aside funds for operations in the event of a revenue shortfall or weather related emergency. This helps us keep going as needed. It's \$5 million dedicated and untouched for that purpose, anything above that amount can be used to help with revenue shortfalls and projections. And therefore could be for renewable project investments as we've used in the past. The cap is \$8 million. Interest rates are low enough that if they are increased in the future we might want to revisit this at that time. We will report on what is in this account at board meetings and utility roundtables.

Alan: You state "repayment may be specified and required." When is it required?

Margie: We want to be more consistent about this than in the past. Sometimes we've required repayment for use of the interest reserve, sometimes not. We need to ask ourselves how to do this in a consistent manner, which will take additional staff work.

Margie: The second reserve, currently called program reserves, is proposed to be different than it has been historically. We have had a convention of budgeting a 5 percent program reserve for each utility in the course of identifying funding required to meet IRP efficiency targets. That has proven more in some instances and most times than we need. All at the working group were united in the view that this amount should vary by utility and not be a fixed percentage for each year. The reserve should be tailored and negotiated with each utility depending on what is in the pipeline, projections of carryover and what we're seeing in the marketplace. We would then estimate the amount of program reserves needed with each individual utility. This gives us flexibility and helps us hone in on a more exact amount. Consensus on both points was reached by the smaller working group.

Dan: The best thing we can do with our money is spend it on incentives. We don't want to have cash sitting around. We want to push at our budgeted amounts.

Margie: Agreed.

Margie: Concerning setting levelized costs. The small working group took this up from the roundtable; however, a resolution did not come out of the meeting.

Steve: Levelized cost is part of our performance measures with the OPUC. It is set at a level that is inconsistent with our savings performance measure. We have gotten comments from some utilities that it needs to be more consistent. I was reminded by Juliet that the commission actually asked for a review and recommendation for this performance measure coming up. So we assessed what the performance measure might be. This was touched on at the working group, but wasn't fully talked through. Based on comments from staff and utilities, we feel comfortable aligning our levelized cost performance measure with the 15 percent bandwidth that we use for our savings. So it is going from being set at 10 percent above the current conservative goal, which is at 15 percent below the stretch goal, essentially a 25 percent bandwidth between the stretch savings and costs and what the performance measure is, which works out to 125 percent of stretch levelized cost. We have proposed levelized costs consistent with 15 percent range or bandwidth of the savings. So it would essentially become 15 percent above the IRP savings target, which we will be adopting for the 2014 budget. This is consistent with what Pacific Power has commented they want to see and is consistent with what the OPUC would entertain.

Debbie K: So we have dollars for the IRP goal but we only achieve 85 percent of it, the levelized cost would be the cost over the 85 percent.

Steve: And the levelized cost would inflate up to 115 percent.

Don: If there's a solution that works, let's use it. This is getting to one.

Steve: And it would follow the savings performance measure.

Jim: My understanding is that the utilities' responsibility in this more simplified methodology is taking the Energy Trust estimates for energy efficiency and making sure they are including them in the IPR plans and making sure we have filed tariffs with our customers to make sure funds are sufficient to fund Energy Trust. For a lot of these pieces, it's the "OPUC holding Energy Trust accountable." For situations like "If the goal is not met over multi-year, Energy Trust will identify reasons," these are issues I would view primarily between the OPUC and Energy Trust.

Debbie K: And if we don't meet them, it's between the OPUC and Energy Trust?

Jim: Right.

Debbie: Though there are implications to the utilities?

Steve: And we would be in direct conversation with them.

Jim: Yes, there could be issues that arise for the IRP, particularly for the electrics.

Juliet: I appreciate what you are saying Jim. It will come down to what the OPUC sets. This discussion makes a picture of how things can work together.

Alan: In terms of setting the number, we're in it together. And from that point on, it's on Energy Trust.

Don: And there is different IRP modeling approaches. The Energy Trust approach gives us a framework that we can fit within each utility's approach to IRP.

Lauren: And PGE is different because Pacific Power has IRPs it develops for other states. PGE is just in Oregon. We really do rely on Energy Trust to do this.

Don: It's a comment on Fred's staff. For the ability on the Pacific Power side, we (PacifiCorp) and Energy Trust are plugged into each other's resources plans. And we've gotten better at it. The alignment is improving even on the resource potential side. We work closely with Energy Trust.

Margie: Potential next steps are the OPUC has a role in reviewing the briefing paper and finalizing minimum performance measures. There would be a transition period from what we are currently doing to new IRP target setting. Utilities are in different stages for their IRP "refresh," if you will. It's up to each utility and the OPUC on how that works. There needs to be board resolution regarding reserves, if needed, and updating the usage of reserves accordingly.

Margie will check with the Citizens' Utility Board of Oregon and the Industrial Customers of Northwest Utilities to make sure they are on board with where the discussion landed.

Debbie K: So for budget for next year, will there be a single target?

Margie: Yes, for each utility.

Jim: For two years, the first year for operational use and the second as a best estimate.

Steve: Yes, and that practice is the same as in the past.

Energy Programs

Kim Crossman, Industry and Agriculture sector lead, and JP Batmale, Production Efficiency Custom Track program manager, presented.

Kim: For context, an industrial sector in efficiency programs is fairly unique. Six years ago, the Production Efficiency program was brought in-house at Energy Trust. It's now internally managed, with no PMC. Internal staff are responsible for technical management, administering incentive, data entry and more. A lot of the scope of what we do in our sector is done in-house. Custom Track PDCs act as our energy-efficiency account managers, they are our boots on the ground, working one-on-one particularly with medium to large industrial customers. They inform the customers, make it easy to participate, and bring in two-thirds of our savings. We are nearing the end of a five-year contract period with the existing Custom Track PDCs.

The program chose a RFQ because the Production Efficiency program is a fully mature, designed program that is working very well. Staff is not looking for a new program design, and is instead looking for people to implement the program already designed. Program staff know the scope very well. The RFQ is to find contractors who will implement the already designed program. This is not the first time this has been done. Two years ago, the program re-competed the other two program contracts, which are industrial lighting and the small industrial initiative. Those were done through an RFQ as well, and the processes were successful.

Contracts for the current Custom Track PDCs expire in December 2013. The RFQ was issued in April 2013 and JP drove the process.

JP: I was pleasantly surprised with the level and number of people competing. We received 13 intents to respond and 12 submissions. Most of the firms that applied could have been PDCs. We had a two tier process. First, five in-house staff and one representative from the Bonneville Power Administration reviewed the submissions and recommended firms to interview. Second, the interview panel, consisting of nine in-house staff and the same BPA representative, interviewed 5 firms.

The program received submissions from good firms, the RFQ was set up with this “challenge” in mind. Evaluation criteria helped staff separate the good firms and distinguish the best firms. The review staff evaluated each firms’ energy efficiency program expertise, their ability to deliver savings requires firms to be flexible as the program evolves and diversified. Reviews also looked at account management experience, engineering experience with technical projects, and ability to facilitate a project and move pipeline. Finally, sample project staffing plans were reviewed to see into each firm’s approach on how they would deliver on their contract in a hypothetical territory.

After the interviews, the selection was unanimous for four companies: Portland General Electric Customer Technical Services, RHT Energy Solutions, Energy 350, Inc. and Nexant, Inc. Their distinguishing characteristics were past success, technical role, a clear business strategy in implementing the program, highly collaborative and embracing strategic direction.

Staff proposed the contracts to be for three years from January 1, 2014, to December 31, 2016, with an option to renew for up to two additional one-year periods. Territory assignments will be determined over the next few months once contracts are signed. The approved budget is \$6.4 million for the four firms, with first-year savings goals is 104 million kWh and 825,000 therms.

John R: Are any of these repeat firms?

JP: Three are incumbents and all four are new contracts. The fourth company is familiar to us.

Alan: The new one is Energy 350, who was an Allied Technical Assistance Contractor. Who do they replace?

Kim: Cascade Energy, as a custom PDC. Cascade Energy is a good contractor for us. We really did have to select from good contractors. They also hold contracts for our small industrial initiative, Strategic Energy Management, Refrigeration Operator Coaching and they are an ATAC. Out of all the contractors we have worked with over the past five years, they have held the most work. Our program is built on a portfolio basis, and we try not to put too many eggs in one basket, to manage risk. Because they are still part of our team, this helped sway our decision.

Alan: What territory did they cover?

Kim: Territory wise, we will recast all territories so there are balanced savings resources. Our work over the next few months is to redraw the territories and implement transition. This is our moment to look at territories and rebalance them. There will be transition for some customers across all the places we serve. This is mostly a customer transition and is unlike the PMC transitions, which impacted staff. This transition will be a more relationship-based transition.

Alan: Do you have a general idea of what Cascade Energy covered and what 350 will cover?

JP: Generally speaking, the territories Cascade Energy had, which is largely Portland Metro, will most likely be split between two firms.

Kim: One nuance is in the past five years we have ran a blended design, geographical territories and a PDC, like Cascade, that had specific market segments. A few months ago, we evaluated that design to see if it was the best approach and if the savings achieved justified the added complexity. We are moving toward a specific geographic territory. This has been discussed at Conservation Advisory Council. We had a food processing industry representative attend a Conservation Advisory Council meeting and they expressed their support.

Ken: Will the geographic territories follow utility bounds or be broken up by utility?

Kim: This is a complicated question. Do you draw boundaries by what's on a map or by what the utility boundary is? We are taking an all of the above approach and it depends.

Ken: Do you try to balance based on total industrial load they have to service?

JP: We tried to balance it as best we could, giving them enough large customers and load to do a good job. We are looking to scale the territory to the capabilities to the firm and what came through the RFQ. We are still customer oriented, too.

Kim: We are drawing multiple maps, looking at 1 aMW customers, total resource potential, where we have done well and who holds relationships. We are cutting it a lot of different ways.

Dave: Do your contracts match up with the Existing Buildings and Existing Homes contracts?

Kim: My understanding is they are offset. We are 3 years with two years of one-year extensions where the PMC contracts are 2 years with two-year extensions.

Dan Enloe stepped out of the room briefly.

RESOLUTION 673

**Authorize Custom Track Program Delivery Contractors
for the Production Efficiency Program**

WHEREAS:

1. **Energy Trust contracts with Custom Track program delivery contractors for Production Efficiency terminate December 31, 2013.**
2. **With assistance from an outside party, staff has conducted a fair and open procurement process to select four program delivery contractors to deliver the Custom Track for the next 3-5 years.**
3. **The following firms were selected and contract terms are being negotiated:
Portland General Electric Company-CTS; R.H.T Enterprises, Inc. D/B/A RHT Energy Solutions; Energy 350, Inc.; Nexant, Inc.**
4. **In total, staff has estimated a total first-year (2014) budget for these four contracts of approximately \$6.4 million, including possible performance compensation.**
5. **Based on current assumptions, staff projects the following total program savings and fully-loaded costs in 2014:**

	Electric	Gas
Savings	103.7 million kWh	824,000 Therms

\$/Unit Savings	\$0.189/kWh	\$2.73/Therm
Levelized Cost	\$0.025/kWh	\$.292/Therm

It is therefore **RESOLVED**:

3. **Subject to determination of final contract amounts based on the board-approved 2014 budget, the executive director is authorized to enter into a contract with each of the following firms to deliver the Production Efficiency Custom Track from January 1, 2014, through December 31, 2016:**
Portland General Electric Company-CTS; R.H. T. Enterprises Inc. D/B/A RHT Energy Solutions; Energy 350, Inc.; Nexant, Inc.
4. **First-year contract costs and savings goals included in the contracts shall be consistent with the board-approved 2014 budget. Thereafter, the contracts may be amended annually consistent with the board's annual budget decisions.**
5. **The final contracts may include a provision allowing staff to offer up to two one-year extensions if the program delivery contractor meets certain established performance criteria.**
6. **Before extending any of these contracts beyond December 31, 2016, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director is authorized to sign any such contract extensions.**

Moved by: Alan Meyer

Seconded by: Debbie Kitchin

Vote: In favor: 10

Abstained: 0

Opposed: 0

Peter: I want to acknowledge the Production Efficiency staff and the BPA representative. We had a great response. There was a lot of detail and rechecking. JP did a great job and ran a fabulous process. He deserves a lot of credit for these results.

Committee Reports, continued

Executive Director Review Committee, Roger Hamilton

The committee has met a few times this year and has completed its review of Margie Harris' 2012 performance. The committee contracted with a consultant to conduct a survey of comparable executive director positions. The committee concluded that Margie's performance in the past year has been outstanding. The results were shared during executive session today and brought to the full board in Resolution 674.

Dan Enloe stepped out of the room briefly.

RESOLUTION 674**EXECUTIVE DIRECTOR REVIEW AND MERIT INCREASE****WHEREAS:**

1. **Energy Trust's Executive Director Review Committee completed its evaluation of Margie Harris's performance.**
2. **Ms. Harris's compensation was not adjusted in 2012, and the current evaluation spans two years, 2011 and 2012.**
3. **The committee surveyed the opinions of a large number of stakeholders, board members and staff using specific categories of leadership and management.**
4. **The Committee retained an independent consultant to survey compensation for comparable executive director positions, which indicated that Ms. Harris's compensation is well below the market.**
5. **The Committee evaluated Ms. Harris's performance as outstanding.**

It is therefore RESOLVED:

The Board of Directors authorizes a merit award increasing Ms. Harris's salary by 4.5% effective January 1, 2012 and by 4.5% effective January 1, 2013. SERP contribution and vacation accrual to remain at current rates.

Moved by: Roger Hamilton

Seconded by: Anne Donnelly

Vote: In favor: 10

Abstained: 0

Opposed: 0

Break from 2:30 p.m. to 3:00 p.m. in recognition of the retirement of Sue Meyer Sample, Energy Trust Chief Financial Officer.

Margie: In the process of seeking a "replacement" for Sue I have become acutely aware of her talents. Sue brings, for a decade now, an extraordinary amount of skill, not only in financial matters but with decision making at Management Team, risk mitigation, Human Resources and IT systems. It's been a pleasure knowing and working with Sue. I will miss your friendship and your daily humor.

Board members expressed their gratitude for Sue's service.

Sue: This is the most passionate board I have worked with. I could not have done this without my staff. I am going to miss them and you all very much. Thank you for giving me the opportunity.

Policy Committee, Roger Hamilton

Thad Roth presented on Resolution 671, reading aloud the resolution's Whereas 3 and saying it is the main goal for the change before the board today.

Alan: I suggest a language change on page 5 of the policy, in the second paragraph, "The Custom Renewables program will operate with the same two tracks for project approval as the Other Renewables program: ...", and to change it to "The Custom Renewables program will operate with two tracks for project approval: ..."

The board agreed to the change.

Anne: What is the meaning of “custom?” Can a solar project be described as a custom project and vice versa? What is the relationship?

Thad: Custom track means a biomass, hydropower, geothermal or wind project. From a budgeting standpoint, when we come to you with the 2014 budget, if you approve this, you will see two programs being funded, a solar program and a custom program.

Anne: Wouldn't the parallel comparison to solar be “other” renewables? It implies a solar project cannot have a custom quality.

Peter: For every single efficiency program, except residential, all the business programs have two tracks, a standard track and custom track. We are trying to emulate that for renewables along the lines that it may be easier for the board. A custom project is characterized by its interconnection. On most solar projects, they are net metered and a standard set of incentives works for those types of projects. It's just the opposite for biomass, hydro, small wind and geothermal. The incentives vary. On top of that, we want to treat larger-scale solar under the solar budget, because we have a longstanding approach to balancing our support across technologies. By putting larger-scale solar into solar we are aligning with the strategic plan, to be balanced.

Alan: Are you open to changing it to “other”?

Peter: Yes, what makes sense for you is all that matters here.

Anne: The nomenclature just needs to be clear. So when you look at it you know whether solar is included or not.

Peter: I agree. I like Alan's idea of changing it.

Debbie K: Solar and Other?

Debbie M: I suggest we move forward in the policy change with the label “Other” which is what we had previously. We'll change “Custom” to “Other” in the policy and the resolution, and all other changes will move forward.

John R: We all agree?

The board agreed and moved the resolution as amended.

Debbie M: And for clarity, this resolution, in addition to the name of the program, the change is that the Biopower program is now merged into the Other Renewables program.

RESOLUTION 671

AMENDING THE OTHER RENEWABLES POLICY TO REFLECT THE MERGER OF BIOWATER ~~AND OTHER RENEWABLES PROGRAM INTO A~~ ~~CUSTOM~~INTO THE OTHER RENEWABLES PROGRAM

WHEREAS:

1. Energy Trust's Renewable Energy group has had three board-recognized programs, each with its own budget: Solar, Biopower, and Other Renewables (hydro, geothermal, and wind).

2. In recent years, renewable energy program budgets have decreased as cash carryovers were expended. Demand for incentive funds now regularly exceeds our budgets. To manage demand for non-solar project incentives, in 2012 Energy Trust began pooling incentive funds from the Biopower and Other Renewables budgets and solicits proposals for projects, regardless of technology.
3. Merging the Biopower ~~and Other Renewables programs into one~~into the Custom-Other Renewables program would align Energy Trust's program and budget structure with practice, more accurately reflect how programs function, and make management and reporting more efficient.

It is therefore RESOLVED that the Board of Directors hereby approves amendment of the Other Renewables Projects policy as shown in Attachment 1, reflecting the merger of the Biopower ~~and Other Renewables programs into a single~~into the Custom-Other Renewables program with a single budget.

Moved by: Alan Meyer

Seconded by: Debbie Kitchin

Vote: In favor: 11

Abstained: 0

Opposed: 0

Staff Report

Briefing: Energy Trust Memberships

Sue Fletcher presented on this follow-up item from the May board meeting. This was a concern raised by Jim Scheppke and Evan White. In advance of today, staff shared the briefing document with them to see if it alleviated their concerns. Jim emailed saying he appreciated the responsiveness and it alleviated his concerns, and indicated it looks like it alleviates Evan's concerns. Jim's email said he supports the recommendations in the briefing paper.

John R: I found the write up to be very informative and it outlined the benefits of these memberships.

Sue F: The recommendations are to continue to utilize memberships as a path to reach customers. Outreach memberships help us reach customers at least cost. We do appreciate the concern that Jim and Evan raised and have come up with four steps when making determinations around memberships and sponsorships:

1. Additional training on existing guidelines for staff and contractors on decision-making around memberships.
2. New language added to existing sponsorship guidelines to make restrictions more explicit on the topic of political support.
3. Add a process step to reassess memberships on an annual basis to see if the mission of the organization or its areas of focus have changed substantially.
4. Maintain a common database of all Energy Trust memberships to support review and visibility across the organization.

Anne: Is there any language specific to geographic representation?

Sue F: It doesn't directly address where memberships should be placed but that they should support acquiring savings and generation, as determined by program plans and assessments of where in the state they will acquire those savings.

Anne: I encourage a look at geographic distribution.

Alan: Being from Salem, I am concerned we didn't renew our membership with the Salem Chamber of Commerce. This seems like an overreaction.

Su Fe: The renewal was exactly at the time of the development of this briefing paper. Because of that we decided to miss the deadline.

Alan: That seems like a weak reason of missing a whole year of membership.

Sue F: If the board is comfortable with reengaging, we can start those conversations up.

Anne: We are members in a lot of chambers of commerce but why not Josephine or Medford?

Sue F: I can't specifically say why we are a member of one chamber or another. There is not an organization-wide practice of becoming a member of all chambers. They are one by one decisions. I can take away that we are not uniformly represented across territories and look into any gaps.

Anne: It would be good to add to the policy, too. It may be worth doing ads or have some form of presence in chambers across all areas of the state.

Sue F: We will look into that, thank you.

Margie: Public comment at board meetings, though rare, is very welcome and part of our openness and transparency. Jim's email in response to the briefing paper said: "I've reviewed the briefing paper in the board packet. I want you to know that I am pleased to the level of responsiveness it shows to the concerns Evan and I raised at the last board meeting." That was the main concern and we addressed it. We can now go back and reassess the Salem Chamber of Commerce membership.

Debbie K: I like seeing the report and it is important for us to be involved in groups like this. It's true sometimes these groups will take positions we don't agree with. And if you only join those groups that completely support efficiency and renewables, you may miss out on opportunities to reach customers.

Legislative Update

Debbie Menashe presented. During the 2013 legislative session, Energy Trust tracked legislation from the beginning of the session and continued to monitor any bills relevant to Energy Trust or the energy industry throughout the session. Of all the bills introduced during session, staff tracked more than 100.

Debbie emailed the board and staff a legislative update on July 12. Debbie reminded the board that Energy Trust does not take position on any legislation. The briefing today is for information only. She noted the session closed on July 8.

HB 2322, Section 31, is a bill that may redirect public purpose funds. Not the Energy Trust portion, but portions of the low-income funds. On July 7, the legislative fiscal office circulated a memo on unspent funds from Oregon Housing and Community Services, OHCS, roughly \$4.8 million in uncommitted funds from the low-income weatherization pool. OHCS under SB 1149 receives public purpose funds for low-income weatherization as well as low-income housing.

Energy Trust staff knows there has been legislative interest in providing funds to Clean Energy Works Oregon to help it bridge their business model past federal American Recovery and Reinvestment Act, ARRA, funds it has received. Energy Trust has been engaged with Clean Energy Works Oregon since the beginning first as an on-bill repayment financing pilot to help Energy Trust test the state's Energy Efficiency and Sustainable Technology Act. Energy Trust worked with Clean Energy Works Oregon to set up a pilot on home energy retrofits. Its ability to carry-on is from a federal ARRA grant that is now

diminishing and it needs seed funding to continue. The \$4.8 million identified as uncommitted from OHCS is close to the amount of money Clean Energy Works Oregon needed to continue. Sometime between July 7 and July 8, Section 31 was added to HB 2322 that purports to transfer the funding from OHCS to the Oregon Department of Energy to put into the Oregon Department of Energy's Clean Energy Deployment fund for coordination with of residential energy efficiency, financing, and contractors pursuant to the Governor's 10-Year Energy Action Plan. At the end of the session, this bill passed.

Since then, much concern has been raised, starting with PGE, Pacific Power and CUB explaining their strong concerns in a letter to the Governor with the legal concerns of moving public purpose charge funds from ratepayers to a general purpose, plus functional concerns relating to the statute. Following that letter, a number of stakeholders have engaged in a letter writing campaign to the Governor in support of the original letter. Energy Trust is on the Advisory Committee to OHCS, ACE, which also sent a letter in support. Energy Trust abstained from signing the letter, as well as Jess Kincaid from the Oregon Department of Energy, due to the conflict of interest. A follow-up letter July 26 was sent from PGE, Pacific Power and CUB explaining the process for a line item veto. There is activity here and Energy Trust staff want the board to be aware.

Alan: Weyerhaeuser also signed the letter, largely because of the precedent that would be set.

John R: You're not recommending we take any sort of position because we can't take a position, but you're just letting us know?

Debbie M: Yes, we are prohibited from taking a position. There is activity there and we are monitoring it. We believe the Governor has 30 working days from the end of the legislative session to veto, approximately August 12 or 13.

Roger: Who authored the redirection?

Debbie M: It's not entirely clear. It was in the House Ways and Means Committee before passing and being referred to the senate.

Debbie K: I'm on the board with the Portland Business Alliance and they also sent a letter. I abstained due to the conflict of interest.

Margie: Concerns have also been raised about how OHCS has separated low income and housing public purpose funds. I am reminded of how cautious we are in all of our accounting that clearly leaves a trail and clearly has us abiding by our obligations to responsibly investing public purpose monies.

Debbie M: And there is a lot of discussion at OHCS and the Community Action Program agencies on what is committed versus carryover funds.

Margie: Special thanks to you Debbie, Hannah and John V who continue to monitor legislation during session. It is quite an effort.

Debbie M: Thank you. I'd like to touch on a few other bills that have raised questions since session ended. HB 2801 permits energy efficiency funding to be used for whole building energy efficiency assessments. It's a new way of looking at how we provide our incentives on a whole building

perspective for both residential and commercial. There are questions here on how that will affect our programs. It also requires Construction Contractor Board certification for home energy assessors to provide energy performance scores for buildings. CCB will be the provider and the Oregon Department of Energy has rulemaking authority over training and certification steps. This certification needs to be in place by July 2014. This is significant to our programs at EPS is an inherent part of our New Homes program and is a pilot in our Existing Homes program. Our contractors delivering those EPS ratings will need to go through the training and obtain the certification.

Debbie K: Do they have to be licensed contractors, too, like Earth Advantage?

Debbie M: In our program, contractors who deliver EPS are trade allies, and as such they need to have CCB licensing.

Debbie: Regarding the feed-in tariff pilot, a report is due to the legislature by the OPUC in mid-2014. The OPUC is required to consult with the Oregon Department of Energy to study the effectiveness of the feed-in tariff pilot and other solar incentives in Oregon, which would include Energy Trust incentives and state tax credits. They must make a report available to the legislature in July 2014. There will be information in there regarding the feed-in tariff and our incentives that will inform the renewables program for us.

Debbie: SB 844 requires the OPUC to design a voluntary emission reduction program with the gas utilities and to undertake a study of this program and clean air tax or carbon tax. There are a number of different dimensions in the bill. A carbon tax study could impact our strategic planning. We will keep you posted on this bill and the others as developments occur.

Public Annual Report

Amber Cole, Communication and Customer Service director, introduced the team that worked on the 2012 public annual report. This report is different from the OPUC annual report. The public report is consumable. It is located at www.energytrust.org/annualreport. All board members and stakeholders will get an email announcing the annual report. It is a primary communication tool and puts out key messages that Energy Trust will use for a year. Hannah Hacker is the project manager. It is produced each year. The website is an effort to move the publication online. There will still be hard copies available for key conversations. The email will go to the board, Conservation Advisory Council, Renewable Energy Advisory Council, legislators, utility contracts, utility contractors, PMCs, PDCs, trade allies, staff and others.

It is Energy Trust's moment to communicate results for the year. There will also be a press release announcing the report. The website appeals to a wide audience. Visitors can easily dive into the site and see results, savings and generation increases, customer stories, performance and leveled costs, customer satisfaction and more.

A key message is that Energy Trust is delivering on its mission. There are also info graphics this year that communicate key savings and impact statistics. They make it more fun and interactive. One of the key audiences is legislators. New this year is a feature where visitors can see results by region. There is also a leadership section that features the board as well as Energy Trust's national recognition. The final section is the audited financial statements.

It is a team effort to execute this piece each year. Amber and Hannah welcomed the board's feedback on how it represents the work of Energy Trust and the community.

Anne: This is really simple and clean and I know that it takes a lot of work to do that.

John: It provides a great deal of depth.

Dan: Will there be a link for people to connect to this document from utility channels.

Amber: We typically reserve those channels for program marketing and presenting offers but those are conversations that we can engage in.

Dave: Chambers could be good venues for sharing out the annual report.

Dan: Does this replace the paper version?

Hannah: There is a condensed paper version that you will receive by mail in a few weeks.

Adjourn

The meeting adjourned at 3:56 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, September 25, 2013, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421SW Oak Street, Suite 300, Portland, Oregon.

/s/ Alan Meyer

Alan Meyer, Secretary