

# Energy Trust Board of Directors

April 4, 2018

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# 157th Board Meeting

Wednesday, April 4, 2018

421 SW Oak Street, Suite 300, Portland, Oregon

<b>Agenda</b>		<b>Tab</b>	<b>Purpose</b>
11:15 a.m.	<b>Board Meeting—Call to Order</b> (Roger Hamilton) <ul style="list-style-type: none"> <li>Approve agenda</li> </ul>		
	<b>General Public Comment</b> <i>The president may defer specific public comment to the appropriate agenda topic.</i>		
	<b>Consent Agenda</b> ..... <i>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.</i> <ul style="list-style-type: none"> <li>February 22, 2018, Board meeting minutes</li> <li>Authorizing Approved Bank Signers–R835</li> </ul>	<b>1</b>	Action
11:20 a.m.	<b>President’s Report</b> (Roger Hamilton)		Info
11:30 a.m.	<b>Staff Report</b> (Mike Colgrove)..... <ul style="list-style-type: none"> <li>Introduction of Becky Rein, Energy Trust’s New Executive Assistant</li> <li>Preliminary 2017 Results</li> <li>2018 Legislative Summary – Q&amp;A (Jay Ward)</li> <li>PGE Control Room Site Visit Options</li> <li>July Board Meeting Proposal</li> </ul>	<b>2</b>	Info
11:50 a.m.	<b>Working Lunch</b> (grab lunch, reconvene)		
12:00 p.m.	<b>Board Learning Topics Presentations</b> (Mike Colgrove)..... <ul style="list-style-type: none"> <li>Community Engagement – 30 minutes (Sue Fletcher)</li> <li>Solar plus Storage – 30 minutes (Jeni Hall, Betsy Kauffman, Dave McClelland)</li> </ul>	<b>Distributed via email in advance of meeting</b>	Info
1:15 p.m.	<b>Budget Review Project Update</b> (Pati Presnail)		Info
1:30 p.m.	<b>Financial Audit Results</b> (Jenn Price and Ashley Osten, Moss Adams)	<b>3</b>	Info
1:50 p.m.	<b>Board Learning Topics Presentations cont.</b> (Mike Colgrove)..... <ul style="list-style-type: none"> <li>Opportunities from Data – 15 minutes (Scott Clark, Erika Kociolek)</li> <li>Community Resilience – 30 minutes (Jessica Iplikci, Lizzie Rubado)</li> <li>Cost-Effectiveness – 30 minutes (Fred Gordon)</li> </ul>	<b>Distributed via email in advance of meeting</b>	Info
3:20 p.m.	<b>Committee Reports</b> <ul style="list-style-type: none"> <li>Audit Committee (Anne Root).....</li> <li>Compensation Committee (Dan Enloe).....</li> <li>Evaluation Committee (Lindsey Hardy).....</li> <li>Policy Committee (Alan Meyer).....</li> <li>Strategic Planning Committee (Mark Kendall).....</li> <li>Conservation Advisory Council (Lindsey Hardy, Alan Meyer).....</li> <li>Renewable Energy Advisory Council (Alan Meyer, John Reynolds)...</li> </ul>	<b>4</b> <b>5</b> <b>6</b> <b>7</b> <b>8</b> <b>9</b> <b>10</b>	Info
4:00 p.m.	<b>Adjourn</b>		

**The next meeting of the Energy Trust Board of Directors will be held on Thursday, May 17, 2018, and Friday, May 18, 2018, at 8:00 a.m. at Mercy Corps, 45 SW Ankeny St, Portland, Ore. 97204.**

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**Tab 1**

# Board Meeting Minutes—156th Meeting

February 22, 2018

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**Board members present:** Susan Brodahl, Melissa Cribbins (phone), Warren Cook (ODOE ex officio) Dan Enloe, Roger Hamilton, Lindsey Hardy, Mark Kendall (phone), Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root, Eddie Sherman, Steve Bloom (Oregon Public Utility Commission ex officio), Janine Benner (phone, ODOE ex officio)

**Board members absent:**

**Staff attending:** Mike Bailey, Tom Beverly, Eric Braddock, Scott Clark, Amber Cole, Michael Colgrove, Phil Degens, Becky Engel, Sue Fletcher, Fred Gordon, Kate Hawley, Jed Jorgensen, Susan Jowaiszas, Steve Lacey, Debbie Menashe, Dave Moldal, Alex Novie, Amanda Potter, Dan Rubado, Greg Stokes, Julianne Thacher, John Volkman, Jay Ward, Peter West, Whitney Winsor, Mark Wyman

**Others attending:** JP Batmale (OPUC), Anne Snyder Grassman (Portland General Electric), Sue Hall (Climate Neutral Business Network), Rick Hodges (NW Natural), Mike Christianson (Energy 350), Whitney Rideout (Evergreen)

## Business Meeting

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Debbie Kitchin called the meeting to order at 9:05 and asked for changes to the agenda.

## General Public Comments

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The president may defer specific public comment to the appropriate agenda topic. There were no public comments.

## Consent Agenda

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*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. December 15, 2017 Board meeting minutes

Moved by: John Reynolds

Seconded by: Roger Hamilton

Vote: In favor: 11

Abstained: 0

Opposed: 0

## President's Report

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Debbie Kitchin shared that board members Debbie, Roger Hamilton, Alan Meyer and Susan Brodahl attended a meeting with four Energy Trust senior staff members, OPUC staff and Commissioner Steve Bloom. Called by the OPUC, the meeting was to discuss Energy Trust's direction and priorities. Energy Trust's primary mission is resource acquisition. The OPUC, board and staff agree that when the organization considers new initiatives, they need to be evaluated based on how they support resource acquisition goals. As a result of the meeting, the board wants to strengthen communications between Energy Trust staff, board and the OPUC. Going forward, OPUC Senior Regulatory Affairs Advisor Elaine Prause will participate in board Policy Committee and Strategic Planning Committee meetings to provide OPUC perspective on critical issues. Additionally, OPUC liaison JP Batmale has started

spending one morning a week at the Energy Trust offices to be more available for discussions with Energy Trust staff. The board wants to ensure Energy Trust's relationship with the OPUC is primary.

The board discussed several concerns shared at the meeting, including Energy Trust's communications around a potential proposal to administer Oregon's community solar program and Energy Trust's Diversity, Equity and Inclusion (DEI) Initiative. The Policy Committee will develop criteria and approach for evaluating outside opportunities like community solar, and Elaine will be part of that conversation. The Policy Committee will also continue to discuss Energy Trust's DEI Initiative.

Commissioner Bloom acknowledged that he was the catalyst for the meeting, because he is relatively new to Energy Trust's board, and he noted that the meeting was productive and helped improve communications. It is the OPUC's role to oversee Energy Trust, and this oversight is currently being evaluated through an audit from the Secretary of State.

The board observed that it is the board's responsibility to make sure Energy Trust is heading in the appropriate direction.

The board noted appreciation for the meeting with the OPUC as well as a recent board training on diversity.

The board noted that Energy Trust's articles of incorporation give Energy Trust discretion in how it delivers cost-effective energy savings. The grant agreement also notes that Energy Trust serves all ratepayers.

Board members asked if the OPUC's concerns are about Energy Trust being distracted from its core goals. Board and staff present at the meeting responded that the concern was about how Energy Trust's community solar and DEI work was communicated to the OPUC and board. Energy Trust should invite more conversation about how it would balance new opportunities with primarily responsibilities and articulate the connection between these new opportunities to its primary mission and goals. Another concern was that more data is needed for DEI.

The board asked if the OPUC has a DEI initiative. The OPUC does not have a DEI initiative but it has no objection to Energy Trust's DEI initiative. It just wants to make sure Energy Trust is proceeding logically and reasonably.

The board asked how Energy Trust can improve DEI communications so its DEI work can progress. Commissioner Bloom responded that Elaine's attendance at board committee meetings will help improve communications.

The board observed that DEI efforts will help Energy Trust achieve its mission and goals to serve all utility ratepayers.

## **Nominating Committee**

John Reynolds

**RESOLUTION 831  
ELECTING MARK KENDALL, LINDSEY HARDY, ANNE ROOT, AND EDDIE  
SHERMAN**

## TO NEW TERMS ON THE ENERGY TRUST BOARD OF DIRECTORS

### WHEREAS:

1. The terms of incumbent board members Mark Kendall, Lindsey Hardy, Anne Root and Eddie Sherman expire in 2018.
2. The board nominating committee has recommended that these members' terms be renewed.

It is therefore **RESOLVED** that the Energy Trust of Oregon, Inc., Board of Directors elects Mark Kendall, Lindsey Hardy, Anne Root and Eddie Sherman incumbent board members, to new terms of office that end in 2021.

Moved by: Alan

Seconded by: Susan

Vote: In favor: 11

Abstained: 0

Opposed: 0

### RESOLUTION 832 ELECTING OFFICERS OF ENERGY TRUST OF OREGON, INC.

### WHEREAS:

1. Officers of the Energy Trust of Oregon, Inc. (other than the Executive Director and Chief Financial Officer) are elected each year by the Board of Directors at the board's annual meeting.
2. The Board of Directors Nominating Committee has nominated the following directors to renew or be appointed to terms as officers:
  - Roger Hamilton, President
  - Alan Meyer, Vice President
  - Mark Kendall, Secretary
  - Susan Brodahl, Treasurer

It is therefore **RESOLVED** that the Board of Directors hereby elects the following as officers of Energy Trust of Oregon, Inc., for 2018:

- Roger Hamilton, President
- Alan Meyer, Vice President
- Mark Kendall, Secretary
- Susan Brodahl, Treasurer

Moved by: Anne Root

Seconded by: Lindsey Hardy

Vote: In favor: 11

Abstained: 0

Opposed: 0

### **President's Report**

Roger thanked Debbie for her service and leadership as board president. Debbie thanked board members for time, contributions and points of view. Debbie also thanked Energy Trust staff.

Roger provided brief personal background, describing his childhood in Northern Virginia, service in the Peace Corps in Ghana and service in the navy. He described his career, which included working on a ranch in Eastern Oregon, serving as a county commissioner, serving on the Oregon's State Parks and Recreation Commission, working for the Pacific Rivers Council, serving as an Oregon Public Utility Commissioner, serving as energy advisor to the governor, and then starting a consulting firm for renewable energy transmission.

Roger appreciated the DEI workshop for board members and thinks DEI can help improve Energy Trust's effectiveness by better serving underserved populations.

**RESOLUTION 833  
BOARD COMMITTEE APPOINTMENTS**

**WHEREAS:**

1. Energy Trust of Oregon, Inc. Board of Directors is authorized to appoint by resolution committees to carry out the Board's business.
2. The Board President has nominated new directors to serve on the following committees.

**It is therefore RESOLVED:**

1. This resolution supersedes Resolution 794, adopted by the board at its February 22, 2017, meeting.
2. That the Board of Directors hereby appoints the following directors to the following committees for terms that will continue until a subsequent resolution changing committee appointments is adopted:

<b>Audit Committee</b>
Anne Root, Chair
Melissa Cribbins
Mark Kendall
Karen Ward, outside expert
Roger Hamilton ( <i>ex officio</i> )
<b>Board Nominating Committee</b>
John Reynolds, Chair
Debbie Kitchin
Alan Meyer
Anne Root
Eddie Sherman
Steve Bloom, OPUC ( <i>ex officio</i> )
Roger Hamilton ( <i>ex officio</i> )
<b>Compensation Committee (formerly 401(k) Committee)</b>
Dan Enloe, Chair
Melissa Cribbins
Mark Kendall
Roger Hamilton ( <i>ex officio</i> )
<b>Executive Director Review Committee</b>
Melissa Cribbins, Chair
Debbie Kitchin
John Reynolds
Roger Hamilton ( <i>ex officio</i> )
<b>Finance Committee</b>
Susan Brodahl, Chair
Dan Enloe



board members, and Debbie Menashe will draft and share an executive summary of the grant agreement for board reference.

## **PMC Program Contract Extension – Multifamily**

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Kate Scott, multifamily program manager, and Peter West, director of energy programs, proposed to extend the contract for the Existing Multifamily Program Management Contractor (PMC) with Lockheed Martin Corporation for the first of two potential one-year extension periods, from January 1, 2019, to December 31, 2019. Staff determined that the PMC performed effectively against the contract extension criteria, which are cross-program coordination, project pipeline, innovation, teamwork and satisfactory execution of Statement of Work deliverables. Under the PMC agreement, unless the board objects to a recommended extension, the contract may be extended.

Lockheed Martin is effective and working with other PMCs, especially the residential PMCs. Kate noted that customers have been very satisfied with Lockheed Martin, with 93 percent of Fast Feedback respondents satisfied with the program and 97 percent happy with program representatives.

The board asked several questions about the focus of the multifamily program and the performance of Lockheed Martin, the current PMC, especially as compared to other PMCs. Kate continued that in Lockheed Martin's current contract term, it achieved 81 percent of gas and electric savings in 2016 and 72 percent of electric and 118 percent of gas savings goals in 2017. Lockheed Martin achieved savings goals in most program tracks, but did not achieve expected savings through the direct installation offering. When setting goals, Energy Trust underestimated market saturation for direct installation of energy-saving projects and challenges of reaching smaller properties. Barriers to direct installation include time commitment and availability of property managers to be present for installations. Another barrier is that an increasing portion of Existing Multifamily housing stock is from relatively new construction, which already has efficient products. Energy Trust is increasing its strategic use of data to analyze the market and predict savings. One of the program's goals is to reduce reliance on savings from its direct installation offering, because a finite amount of savings is available through this offering. The program is also revisiting its delivery mechanism for its direct installation offering for 2019.

Concern was expressed about staff's recommendation to extend the PMC contract in light of Lockheed Martin's performance against savings goals. Peter noted that there are multiple factors in considering extensions and multiple performance measures related to compensation in all of Energy Trust's PMC contracts, including the contract with Lockheed Martin. Lockheed Martin's did not receive all of its potential performance compensation as a result of its savings achievement under the contract.

Peter reiterated that Energy Trust's goal was too high for the Existing Multifamily program during this contract period. Energy Trust had penetrated the multifamily market faster than the subsequent analysis indicated. Our goal setting could not be timed to be informed fully by the penetration analysis. The 2018 budget includes different approaches to goal setting in light of the market penetration study. In addition, Kate explained that she is working with the PMC to increase savings. In its current contract term, Lockheed Martin has added 10 new measures that are expected to deliver savings.

The board asked questions about cost and methods of delivery in the program. Staff responded with more detail about the program.

Although one board member did express objections to the extension, the board did not act to object, and the contract will be extended through 2019.

The board took a break for lunch at 11:57.

## **Board Learning Topics Presentations**

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The board resumed at 12:07. Mark introduced board learning topic presentations. Board learning topics are about areas of interest that the board has indicated it would like to learn more about because the

topics may affect our energy efficiency and renewable energy programs or utility customers in the future. They are not intended to propose any actions and will not necessarily result in action by Energy Trust. Board will have these topics in mind as they kick off Energy Trust's 2020-2024 strategic planning process at the May Strategic Planning Retreat.

Mike Colgrove noted that this is the first three of 11 total board learning topics. There will be five at the April board meeting and the last three at the May retreat. Authors were instructed to present information in a way that people with little pre-existing technical knowledge could understand content. Mike added that the papers will eventually be posted for the public on Energy Trust's website. These papers are educational only, and are not policy proposals.

***Distribution Systems and Energy Efficiency, Amanda Potter and Thad Roth***

Amanda Potter, industrial sector lead, and Thad Roth, residential sector lead, discussed how energy efficiency and renewable can be used to solve distribution system constraints. Expansion of distribution grids creates challenges and opportunities. Utilities must update grids and processes to manage this complexity. Distributed energy solutions like energy efficiency, renewable energy and batteries can be used to solve distribution constraints and forestall grid upgrades. Demand response is the most common solution and involved reducing load during peak times.

Utilities are also working to figure out how to value the benefits of distributed resources. Utilities need more experience with these programs to feel confident in their ability to manage constraints.

Thad shared examples of existing distributed energy solutions in Oregon and the U.S. Examples include New York's Reforming the Energy Vision project in 2015 and New York's Brooklyn-Queens project in 2014 to delay building a \$1 billion substation for two years. In California, the California Public Utility Commission's Distribution Resource Plan from 2014 includes accommodating distributed energy resources, assigning locational value, forecasting distributed energy resources growth and initiating pilot projects. Bonneville Power Administration has an I-5 Corridor Reinforcement Project to address a transmission constraint through demand response with a large industrial customer. In Oregon, SB 978 from 2017 explores changes to the existing regularly system and incentives to accommodate distributed energy resources. In 2017, OPUC directed utilities to begin distribution system planning to allow for the evaluation of the most beneficial placement and efficient use of new distributed energy resources.

Energy Trust has several pilots under way with utilities, including with Pacific Power and NW Natural, to use energy efficiency to reduce demand on specific substations. Energy Trust is deploying increased marketing and outreach of existing energy efficiency offerings in these locations. Pacific Power has also released a request for proposals for locational demand response.

To advance distributed energy resources, utilities need to believe distributed energy resources solutions are reliable, understand their value to the grid, have appropriate planning tools, make grid modernization investments and implement policies and incentives to promote use of distributed energy resources.

Potential roles and next steps for Energy Trust could include continued engagement with utilities, continued pilot collaborations with utilities, consideration of the role of solar + storage, learning more and tracking process in Oregon.

The board asked about the value of smart meters. Smart meters are part of smart grids and grid modernization. These meters help utilities understand customer energy use. Smart meters give more granular information about energy consumption and timing, and more visibility into what is happening on the grid.

The board noted these studies could provide value for community solar programs.

The board asked about the large amount of electricity savings from the Bonneville Power Administration pilot. Savings are from a single large industrial customer that reduces energy use during peak periods, which are just 10 days in the summer. They are compensated for their participation.

The board noted that PGE has dispatchable distributed generation agreements with backup generators in Portland and a sophisticated control and response system.

***EVs and Transportation, Spencer Moersfelder, Jay Ward and Jeff Allen***

Jay Ward, Energy Trust senior community relations manager, and Jeff Allen, executive director of Forth, presented on electric vehicles and transportation. Forth is a nonprofit trade association and advocate for electric vehicles, formerly known as Drive Oregon. Transportation uses a lot of energy. Gas cars are inefficient and electric vehicles use 70-80 percent less energy per mile. The average car capacity factor is less than 2 percent because a car is used a fraction of the time and driven by an average of 1.1 people at a time. Transportation electrification policy and utility policy have historically been siloed but are converging. Electric vehicles can provide significant grid benefits because they typically charge during off-peak hours.

Jeff summarized current trends in electric vehicles. Electric vehicles are now about 2 percent of new cars sold, and there are currently 16,000 in Oregon. Electric vehicles could reach 10-15 percent of the market by 2025. Oregon passed legislation to provide rebates for electric vehicles, and this is expected to drive sales. The entire transportation infrastructure is undergoing disruption and transformation. With vehicles that are autonomous, connected, electric and shared, fewer cars can meet the demands of more people. The cost of mobility may drop by an order of magnitude.

Jeff presented six key opportunities to advance electric vehicles and transportation. First, electric vehicles could fit into existing energy efficiency and renewable energy programs. Currently these efforts are not coordinated. There are opportunities to coordinate marketing, leverage cost savings upsizing and cross selling, and reducing solar net metering costs. Opportunities include smarter charging, consumer and dealer engagement, electrifying heavy-duty vehicles like trucks and buses and fostering equity for lower-income customers.

Jeff explained fuel cell electric vehicles, which are not currently available in Oregon but are in California. There are also opportunities to utilize natural gas to power vehicles in Oregon. There are currently natural gas powered vehicles on Oregon's roads, typically in fleet use.

The board asked if auto manufacturers in China and Europe are increasing electric car production. Jeff confirmed that this is correct, and added that China requires a certain percentage of zero-emission vehicles to be sold.

The board asked what benefit a customer receives if their electric vehicle functions as a battery for their utility. Jeff gave an example of heavy-duty vehicles. In California, a pilot with school buses is trying to demonstrate there is enough extra value to offset the incremental cost of purchasing an electric vehicle instead of a gas-fueled bus. Jay added that there could be other benefits that provide value and cited mining operations in Canada that were converting to EVs to reduce the cost of ventilating mining operation sites.

***Monetizing Non-Energy Benefits, Mike Colgrove and Sue Hall***

Mike introduced Sue Hall, CEO of the Climate Neutral Business Network. Mike also recognized Energy Trust renewable energy senior program manager Jed Jorgenson for providing irrigation modernization case studies. The paper talks about three specific non-energy benefits: water, public health benefits and carbon. In this presentation, Sue will focus on the carbon markets.

Sue explained how and why people assign value to carbon emissions, and what the emerging trends are in these markets. In the last 20 years, financial markets have matured that place monetary value on reduction of greenhouse gas emissions. This is due to regulations requiring businesses to reduce

emissions, called compliance markets. There are also voluntary carbon markets. Energy Trust is already delivering significant carbon reductions. Voluntary carbon markets are driven by large companies with greenhouse gas, sustainability or business goals. Within this market, energy efficiency-based carbon credits are a small and emerging part.

Sue explained how carbon credits are capitalized, including third-party verification.

Sue explained the central pillars of carbon credit market integrity. For example, carbon cannot be counted twice. Sue explained what carbon compliance markets look like, such as in a state with cap and trade. First, the state sets an emissions cap and goal. Then it determines the amount of carbon dioxide that it will allow major emitters to produce. Those allowances are then auctioned. Large emitters must purchase allowances each year to come into compliance.

The board asked who receives the money from a company buying carbon offsets. Sue described Chevrolet as an example. Chevrolet is the buyer of carbon credits. Universities came forward with outstanding efficiency performance and carbon credits to sell. Chevrolet paid the universities to purchase credits.

The board asked how that would work in Oregon with an Energy Trust customer that wants to certify their efficiency and sell credits. Sue explained that the purchaser's money is reinvested in the seller's energy efficiency investments. That is a voluntary market example, not cap and invest.

In a compliance market, utilities are given a certain amount of allowances in a year. The utilities are then required to send those allowances back to the state. The state auctions them off to all entities that must come into compliance. The utilities then receive money for allowances sold. Utilities can return that money to its customers or invest the money in energy efficiency programs. Mike said that is how it is done in New York through the Regional Greenhouse Gas Initiative. When allowances are sold, the money goes to the state of New York and is then allocated to New York State Energy Research and Development Authority to administer the funds through its energy efficiency programs. In an allowance model, the company has to purchase enough allowances to equal its emissions.

The board asked how accounting in Washington could work with Oregon's potential cap and trade program. Washington is the only state that has set aside a reserve to avoid double counting across sectors. Washington has a broader set of clean technology investments that are part of the set aside reserve.

Roger noted that more time should be scheduled in the future for learning topic presentations.

## **Committee Reports**

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### ***Compensation Committee, Dan Enloe***

Energy Trust hired a new retirement plan management firm. The committee will meet with them to determine engagement policy.

### ***Evaluation Committee, Alan Meyer***

No updates.

### ***Finance Committee, Susan Brodahl***

No updates.

### ***Policy Committee, Roger Hamilton***

No updates.

### ***Strategic Planning Committee, Mark Kendall***

Mark reminded board members to mark their calendars for the May board strategic planning retreat.

## Staff Reports

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### ***2018 Legislative Update, Jay Ward***

Jay reminded the board that Energy Trust does not lobby or advocate policy. Staff have been watching 25 bills that could impact energy and four that could specifically impact Energy Trust.

### ***2017 Preliminary Results, Highlights, Mike Colgrove***

Mike will distribute Energy Trust's 2017 preliminary annual report. It was the highest year of electric savings and tied with last year for gas savings.

### ***Secretary of State Audit, Mike Colgrove***

The Secretary of State audit of Energy Trust is in process. Energy Trust will have time to review an initial report. The final report is expected to be complete and made public by end of March.

## Adjourn

The board adjourned at 1:55 p.m.

**The next meeting of the Energy Trust Board of Directors** will be on Wednesday, April 4, 2018, at 11:15 a.m. at Energy Trust, 421 SW Oak, Suite 300, Portland, Oregon.

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Mark Kendall, Secretary

**PINK PAPER**

## Board Decision

### Corporate Authorization (Bank Signing Authority)

April 4, 2018

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#### RESOLUTION 835 AUTHORIZING APPROVED BANK SIGNERS

#### WHEREAS:

1. Umpqua Bank and Bank of the Cascades provide general banking services to Energy Trust (collectively, the “Banks”).
2. Section 7.3 of the Energy Trust bylaws requires that the board of directors authorize officers or agents to sign checks, drafts, or other orders for the payment of money, notes and other evidences of indebtedness (“authorized bank signers”) by way of resolution from time to time.
3. Effective February 22, 2018, Debbie Kitchin’s term as Energy Trust Board President ended, and Roger Hamilton was elected Energy Trust Board President.

#### It is therefore RESOLVED that,

1. Debbie Kitchin is to be removed from the list of authorized bank signers for the Banks.
2. Roger Hamilton is to be added to the list of authorized bank signers for the Banks.
3. The resulting list of authorized bank signers for the Banks is as follows:
  - A. Roger Hamilton, Board President
  - B. Susan Brodahl, Board Treasurer
  - C. Michael Colgrove, Executive Director
  - D. Pati Presnail, Interim Chief Financial Officer
  - E. Peter West, Director of Programs
  - F. Steve Lacey, Director of Operations
  - G. Debbie Goldberg Menashe, General Counsel
4. The General Counsel is authorized to execute all required documentation to implement this resolution.

Moved by:

Seconded by:

Vote:

In favor:

Abstained:

Opposed:

# Tab 2

# Briefing Paper

## 2018 State Legislation

April 4, 2018

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### Summary

This briefing paper summarizes bills adopted in the 2018 Oregon legislative session. The first section highlights bills with the most significant implications for Energy Trust; the second section lists all the bills we are tracking, with URL links in the bill number and “Intro.”

### Background

- The session began February 5 and ended March 3.
- As usual, in addition to monitoring bills that could impact Energy Trust’s ability to achieve our efficiency and generation goals, we responded to requests for information from legislators, interested citizens and organizations and the Oregon Public Utility Commission (OPUC). We took no positions on bills.

### Discussion

#### **Among the bills deemed significant that failed to pass:**

- Residential energy incentives: HB 4121 would have directed Oregon Housing and Community Services to create a residential energy incentive program for efficiency and renewable energy projects. The bill capped incentives at \$4,500 per project and zeroed them out for Oregonians earning \$187,000 in annual adjusted gross income. It contained provisions directing funding to low-income households and to extending the economic life or replacing manufactured homes owned by individuals, non-profit organizations or public agencies. HB4121 advanced out of its originating committee but failed to advance in the Ways and Means Committee.
- Utilities: SB 1552 would have capped Investor Owned Utilities’ rate of return at 4.5 percent, Public Purpose Charge funding authorized by SB 1149 at 1.5 percent and 2015 levels, and Energy Trust staff salaries. It would also have prevented IOUs from including Superfund Cleanup expenditures in customer rates and required funds slated for the removal of certain Klamath River dams to be refunded to PacifiCorp ratepayers. The bill failed to advance when Legislative Counsel declared that the rate of return cap was likely unconstitutional.
- Climate: HB 4001/SB 1507, also known as the cap-and-invest bills, would have directed Environmental Quality Commission to cap larger sources of greenhouse gas emissions, establish auctions in which emission allowances can be traded and invest revenues from auctions and offset credits to benefit consumers and impacted communities. A Joint Committee on Carbon has been created for the interim and the governor and legislative leadership have committed to work on a bill for the 2019 legislative session.
- Oregon Department of Energy: HB 4148 would have established an advisory board for ODOE. SB 1519/1537, would have created an Oregon Energy Commission as a policy and rulemaking for ODOE.

- Solar tax exemption: HB 4027 would require counties with population of less than 775,000, upon request, to enter into agreement exempting solar project from property tax and becoming subject to fee in lieu of taxes.

**Among the bills that did pass (click on bill numbers below to see the enrolled bill):**

- Electric vehicles: HB 4022 EN permits state agency to locate devices or facilities for providing electricity for electric motor vehicles to meet demand.
- Affordable housing: HJR 201 EN proposes an amendment to the Oregon Constitution to allow municipal corporations to use bonded indebtedness to finance capital costs of affordable housing.

**Bills that passed the 2018 Oregon legislative session** (as of March 15, 2018)[HB 4010 EN](#)

Relating to home ownership; declaring an emergency.

Establishes Task Force on Addressing Racial Disparities in Home Ownership.

Bill Sponsor: Rep Alonso Leon; Rep Barnhart; Rep Bynum; Rep Fahey; Rep Greenlick; Rep Hayden; Rep Hernandez; Rep Keny-Guyer; Rep Meek; Rep Parrish; Rep Piluso; Rep Power; Rep Reardon; Rep Sanchez; Rep Sollman; Rep Speaker Kotek; Rep Witt; Sen Dembrow; Sen Frederick; Sen Manning Jr; Sen Monnes Anderson; Sen Steiner Hayward; Sen Wagner (Pre-session filed)

[HB 4022 EN](#)

Relating to electricity for motor vehicles; prescribing an effective date.

Permits state agency to locate devices or facilities for providing electricity to public for electric motor vehicles in locations sufficient to meet demand for devices or facilities.

Bill Sponsor: Rep Barnhart; Rep Hernandez; Rep Holvey; Rep Keny-Guyer; Rep Nosse; Rep Reardon; Rep Smith DB; Rep Sollman; Sen Johnson (Pre-session filed)

[HB 4028 EN](#)

Relating to tax expenditures; prescribing an effective date.

Limits expenses for which dependent care income tax credit may be claimed to earned income taxable by Oregon, using lesser amount attributable to either spouse on joint return.

Bill Sponsor: Pre-session filed (at the request of House Interim Committee on Revenue)

[HJR 201 EN](#)

Proposing amendment to Oregon Constitution relating to affordable housing.

Proposes amendment to Oregon Constitution to allow municipal corporations to use certain bonded indebtedness to finance capital costs of affordable housing, with certain limitations.

Bill Sponsor: Pre-session filed (at the request of House Interim Committee on Human Services and Housing)

[SB 1541 EN](#)

Relating to toxic air contaminants; and declaring an emergency.

Authorizes Environmental Quality Commission to adopt program and rules to reduce public health risks from emissions of toxic air contaminants from individual stationary industrial and commercial air contamination sources.

Bill Sponsor: Rep Helfrich; Rep Noble; Rep Parrish; Rep Reschke; Rep Williamson; Rep Witt; Sen Dembrow; Sen Girod; Sen Roblan; Sen Winters (Pre-session filed)

# Tab 3



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**ENERGY TRUST OF OREGON, INC.**

December 31, 2017 and 2016

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## **Report of Independent Auditors**

The Board of Directors  
Energy Trust of Oregon, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Energy Trust of Oregon, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Energy Trust of Oregon, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Management's discussion and analysis on pages 3 to 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Portland, Oregon  
April 4, 2018

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## **Management's Discussion and Analysis**

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## Energy Trust of Oregon, Inc. Management's Discussion and Analysis

The following narrative overview and analysis of Energy Trust of Oregon, Inc.'s financial activities is provided for readers of our annual financial statements. This discussion has been prepared by management and should be read in conjunction with the organization's financial statements and notes. Although the primary focus of this document is the results of activity for the calendar year ending December 31, 2017, comparative data is also presented for previous years as a reference point. We offer this supplemental information to illustrate issues and trends related to Energy Trust's financial health. The financial statements, notes and this discussion are the responsibility of management.

### Financial Highlights

- Energy Trust's assets exceeded its liabilities at December 31, 2017, by \$48.1 million (net assets).
- The purpose of Energy Trust is to help utility customers invest in and benefit from cost-effective energy efficiency and small-scale renewable energy development. We rely on utility revenues and any surplus program reserves from prior years to capture electric and gas efficiency savings and generate clean renewable energy through programs and services for residential, commercial, industrial and agricultural customers in Oregon and Southwest Washington. In 2017, Energy Trust had planned to decrease reserves by \$5.6 million in our pursuit of energy savings. We ended up not needing to spend as much as we thought to achieve 112 percent of our electric savings goal, 95 percent of our gas savings goal, and 157 percent of our renewable generation goal. Instead of a decline, our total net position for the year increased by \$14.3 million.
  - Total 2017 revenue was \$196.8 million, which is 2 percent (\$3.9 million) greater than expected. The revenue variance is not significant and not unusual. Once our revenue needs have been established with collaboration from the utilities and the PUC, the annual revenue estimates are relatively predictable. However, weather and other changes in customer energy consumption do cause some variability.
  - Total 2017 operating expenses came in \$16 million less than expected (\$182.6 actual vs. \$198.6 budgeted). The variance is primarily due to lower than anticipated incentive expenditures. We planned to spend \$114 million on incentives to acquire energy savings and generation, but ended up only spending \$103.8 million. The difference is due to changes in timing for some large projects to complete and receive project incentives, and lower than budgeted costs for some savings measures we pursued in 2017. In addition to spending \$10.2 million less on incentives, professional services were \$3.4 million below budget. All other expenses were \$2.2 million below budget (less than 3 percent).

### Energy Goals

	2017	2017 goal	compared to goal	2016*	Change '16 to '17
Electric efficiency savings (aMW)	63.4	56.4	7.0	62.0	1.4
Electric renewable generation (aMW)	4.5	2.9	1.6	2.8	1.7
Gas efficiency savings - Oregon (million therms)	6.8	7.1	(0.3)	6.8	(0.0)
Gas efficiency savings - Washington (million therms)	0.4	0.3	0.1	0.3	0.1

\* after true-up

## Energy Trust of Oregon, Inc. Management's Discussion and Analysis

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- Energy Trust exceeded our electric savings and generation goals in Oregon and our gas savings goal for Southwest Washington. Electric efficiency savings totaled 63.4 average megawatts (aMW), 112 percent of the 2017 goal of 56.4 aMW. Renewable energy generation totaled 4.5 aMW, 155 percent of the goal of 2.9 aMW. We fell short of our gas savings goal for Oregon, achieving 6.8 million annual therms or 96 percent of the 2017 goal of 7.1 million annual therms. Some of the ways we achieved energy savings and generation included:
  - We helped more residential, commercial and industrial customers than ever before upgrade to energy-efficient LEDs.
  - We engaged Oregon's strong new construction market, enrolling 702 New Buildings projects and completing 3,096 energy-efficient homes rated with EPS™, an energy performance score.
  - We helped residential customers install 5,800 smart thermostats, up from 3,400 in 2016.
  - We received record applications for customers interested in installing solar panels, including applications for more than 2,000 residential projects and 150 commercial projects.

### Overview of the Financial Statements

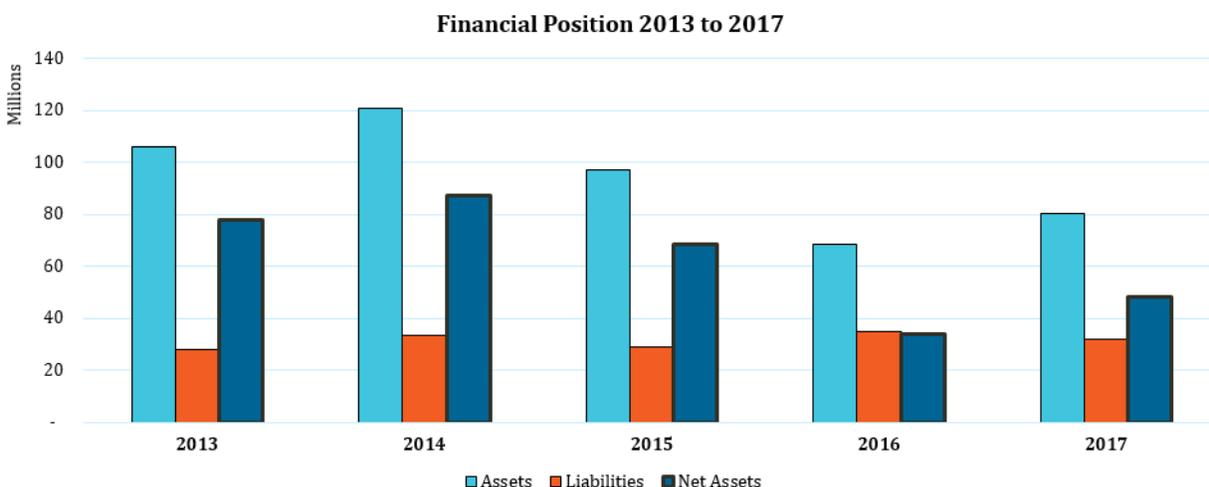
This discussion and analysis is intended to serve as an overview of Energy Trust's financial statements. The financial statements consist of the following:

The **statements of financial position** show the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. As noted earlier, net assets may serve over time as a useful indicator of Energy Trust's financial position. Energy Trust assets exceeded liabilities by \$48.1 million at year end. Almost all of Energy Trust's assets are held in cash and investments; capital and other assets comprise around 6.5 percent of the total. Nearly all of the liabilities at year-end are due to year-end incentive payments. Energy Trust carries no long-term debt.

#### Statement of Financial Position (in millions of dollars)

	2017	2016	Change '16 to '17	2015	Change '15 to '16
Cash & Investments	\$ 74.9	\$ 63.8	\$ 11.1	\$ 91.1	\$ (27.3)
All other Assets	5.2	4.8	0.4	5.8	(1.0)
<b>Total Assets</b>	<b>\$ 80.1</b>	<b>\$ 68.6</b>	<b>\$ 11.5</b>	<b>\$ 96.9</b>	<b>\$ (28.3)</b>
<b>Total Liabilities</b>	<b>\$ 32.0</b>	<b>\$ 34.7</b>	<b>\$ (2.7)</b>	<b>\$ 28.7</b>	<b>\$ 6.0</b>
Board Designated Net Assets	-	-	-	-	-
Assets Available for Programs & Operations	48.1	33.9	14.2	68.2	(34.3)
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 80.1</b>	<b>\$ 68.6</b>	<b>\$ 11.5</b>	<b>\$ 96.9</b>	<b>\$ (28.3)</b>

## Energy Trust of Oregon, Inc. Management's Discussion and Analysis



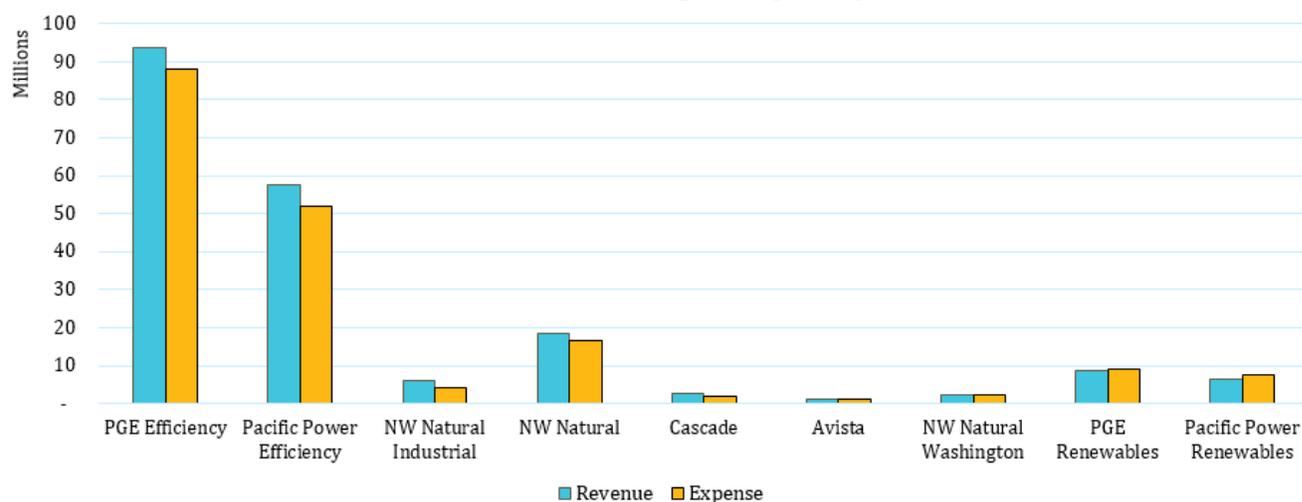
The **statements of activities** show the various revenues and expenses, reconciling the beginning net assets to the end of year total. These statements show how Energy Trust's net assets changed during the year. We did not spend as much as we had planned in 2017. As explained above, the difference is due to changes in the completion of large projects, and lower than expected costs for some savings measures we pursued in 2017.

### Statements of Activities (in millions of dollars)

	2017	2016	Change '16 to '17	2015	Change '15 to '16
Public Purpose Funding	\$ 97.7	\$ 84.2	\$ 13.5	\$ 82.8	\$ 1.4
Incremental Funding	98.6	66.6	32.0	63.1	3.5
Other Income	0.5	0.5	(0.0)	0.5	0.0
<b>Total Funding</b>	<b>196.8</b>	<b>151.3</b>	<b>45.5</b>	<b>146.4</b>	<b>4.9</b>
Program Expenses	175.4	179.3	(3.9)	159.9	19.4
Administrative Expenses	7.2	6.4	0.8	5.5	0.9
<b>Total Expenses</b>	<b>182.6</b>	<b>185.7</b>	<b>(3.1)</b>	<b>165.4</b>	<b>20.3</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 14.2</b>	<b>\$ (34.4)</b>	<b>\$ 48.6</b>	<b>\$ (19.0)</b>	<b>\$ (15.4)</b>

# Energy Trust of Oregon, Inc. Management's Discussion and Analysis

## 2017 Revenue & Expense by Utility



The **statement of functional expenses** shows costs by major category organized into program and administrative categories. In 2017, program expenses comprised 96.1 percent of total costs; administrative expenses of 3.9 percent made up the remainder. This composition is similar to the prior year.

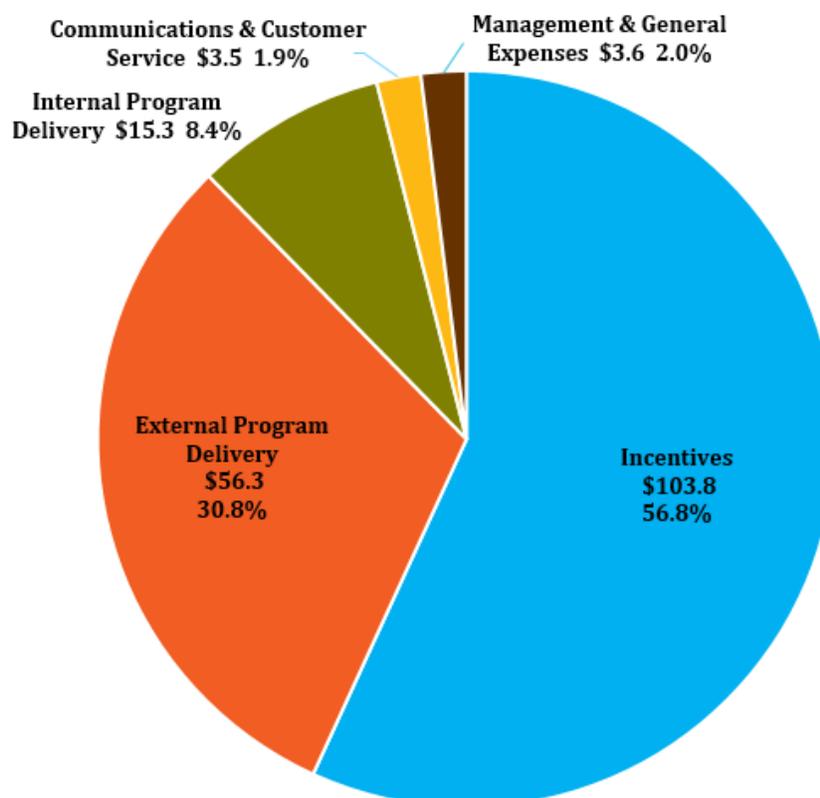
### Statement of Functional Expenses (in millions of dollars)

	2017	2016	Change '16 to '17	2015	Change '15 to '16
Energy Efficiency	\$ 159.4	\$ 159.7	\$ (0.4)	\$ 142.7	\$ 17.0
Renewable Resources	16.0	19.6	(3.6)	17.2	2.4
Other	0.1	-	0.1	-	-
<b>Program Expenses</b>	<b>175.4</b>	<b>179.3</b>	<b>(3.9)</b>	<b>159.9</b>	<b>19.4</b>
Management & General	3.6	3.4	0.2	2.9	0.5
Communications & Outreach	3.5	3.0	0.6	2.6	0.4
Administrative Expenses	7.2	6.4	0.8	5.5	0.9
<b>Total Expenses</b>	<b>\$ 182.6</b>	<b>\$ 185.7</b>	<b>\$ (3.1)</b>	<b>\$ 165.4</b>	<b>\$ 20.3</b>

Incentives and Internal Program Delivery expenses decreased from last year. External Program Delivery costs, along with Communications & Customer Service and Management & General Expenses, increased slightly from the previous year. Overall spending dropped 3.1 million (2 percent) from \$185.7 million to \$182.6 million. However, the percentage breakdown among functions remained relatively consistent. Incentives as a percent of total spending decreased from 59.4 percent to 56.8 percent; external program delivery costs increased from 28.6 percent to 30.8 percent. The percentage of spending in all other categories was up slightly from 12.0 percent to 12.3 percent of the total.

## Energy Trust of Oregon, Inc. Management's Discussion and Analysis

### 2017 Expenses (millions of dollars)



The **statement of cash flows** shows various cash activities by type, reconciling beginning cash and cash equivalents to the ending cash and cash equivalents amount, which is shown in the Statements of Financial Position. Energy Trust cash receipts come primarily from public purpose and supplemental funding, derived from a small percentage charge on utility customer bills. Inflows also include maturing investments. Outflows are predominantly payments for incentives and program contracts, as well as payments for payroll, outsourced services, IT, and other operating expenses. Overall, cash receipts were more than cash payments for the year because of higher than expected revenues and lower than expected expenses. Cash and cash equivalents increased by \$7.7 million in 2017 and investments increased by \$3.4 million.

#### Statement of Cash Flows (in millions of dollars)

	2017	2016	Change '16 to '17	2015	Change '15 to '16
Net Cash from operating activities	\$ 11.7	\$ (26.7)	\$ 38.4	\$ (23.1)	\$ (3.6)
Net Cash used for capital assets	(0.6)	(0.0)	(0.6)	(1.0)	1.0
Net Cash from investing activities	(3.4)	44.0	(47.4)	(0.1)	44.1
(Decrease) Increase in Cash	7.8	17.3	(9.5)	(24.2)	41.5
Cash Beginning of Year	44.5	27.2	17.3	51.4	(24.2)
Cash End of Year	\$ 52.2	\$ 44.5	\$ 7.7	\$ 27.2	\$ 17.3

# Energy Trust of Oregon, Inc.

## Management's Discussion and Analysis

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### Key Economic Factors and Budget Information for Next Year

The economy in Oregon was stable in 2017, with low unemployment rates and a growing and diversifying population. Due to these and other factors, energy-efficient new construction in commercial buildings and new homes was a key source of savings in 2017, and we expect it to remain strong through 2018.

2017 was a record year for LED lighting project volume. As the LED market transforms, we expect to see a noticeable decline in energy savings from the LED lighting market. Energy Trust continuously seeks new and innovative sources and strategies for saving energy to replace diminishing sources, such as lighting.

The 2018 budget anticipates revenue of \$187 million, and expenditures of \$198.9 million. Our revenue requests are less so we can continue the multi-year plan of spending down accumulated net assets, and ending the year with program reserves close to the targeted range of 2 percent to 5 percent.

### Requests for Information

This financial report is designed to provide a general overview of Energy Trust of Oregon, Inc.'s finances for all those with an interest in the non-profit organization's financial results. All quarterly and annual financial statements, along with quarterly and annual reports, are available on Energy Trust's web site at [www.energytrust.org/reports](http://www.energytrust.org/reports). Questions concerning any of the information provided in this report should be directed to the following:

Energy Trust of Oregon  
421 SW Oak, Suite 300  
Portland, Oregon 97204  
[www.energytrust.org](http://www.energytrust.org)  
Attention: Pati Presnail, Interim CFO

## **Financial Statements**

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**Energy Trust of Oregon, Inc.**  
**Statements of Financial Position**

**ASSETS**

	December 31,	
	2017	2016
Cash and cash equivalents	\$ 52,223,904	\$ 44,471,034
Investments	22,721,392	19,350,135
Other receivables	51,814	359
Notes receivable, net of allowance	263,669	260,891
Accrued interest receivable	67,264	85,699
Advances paid to contractor	2,489,421	2,050,126
Prepaid expenses	244,443	280,347
Property and equipment, net	883,927	1,133,205
Other assets	1,210,142	1,072,861
Total assets	\$ 80,155,976	\$ 68,704,657

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 29,182,034	\$ 32,590,883
Accrued payroll and related expenses	1,850,972	1,680,596
Deferred rent liability	990,344	559,253
Total liabilities	32,023,350	34,830,732

**COMMITMENTS AND CONTINGENCIES**

**NET ASSETS**

Unrestricted	48,132,626	33,873,925
Total net assets	48,132,626	33,873,925
Total liabilities and net assets	\$ 80,155,976	\$ 68,704,657

## Energy Trust of Oregon, Inc.

### Statements of Activities

	Years Ended December 31,	
	2017	2016
Funding		
Public purpose funding	\$ 97,727,202	\$ 84,222,567
Incremental funding	98,630,547	66,568,753
Grant revenue	50,651	-
Total funding	<u>196,408,400</u>	<u>150,791,320</u>
Investment returns		
Interest and dividends on investments, net of amortization	425,529	458,184
Interest on notes receivable	3,000	1,411
Unrealized (loss) gain on investments	(2,830)	72,329
Total investment returns	<u>425,699</u>	<u>531,924</u>
Total revenues	<u>196,834,099</u>	<u>151,323,244</u>
Expenses		
Program expenses		
Energy efficiency	159,393,813	159,691,338
Renewable resources	15,953,058	19,596,783
Low and moderate income (LMI) solar	47,633	-
Total program expenses	<u>175,394,504</u>	<u>179,288,121</u>
Administrative expenses		
Management and general	3,615,436	3,404,077
Communication and outreach - general	3,547,967	2,961,790
Total administrative expenses	<u>7,163,403</u>	<u>6,365,867</u>
Avista development	-	28,626
Community solar	17,491	-
Total expenses	<u>182,575,398</u>	<u>185,682,614</u>
INCREASE (DECREASE) IN NET ASSETS	14,258,701	(34,359,370)
NET ASSETS, beginning of year	<u>33,873,925</u>	<u>68,233,295</u>
NET ASSETS, end of year	<u>\$ 48,132,626</u>	<u>\$ 33,873,925</u>

**Energy Trust of Oregon, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2017**

	Energy Efficiency	Renewable Resources	LMI Solar	Total Program Expenses	Management and General	Communication and Outreach – General	Total Administrative Expenses	Community Solar	Total Expenses
<b>EXPENSES</b>									
Incentives	\$ 91,012,235	\$ 12,742,737	\$ -	\$ 103,754,972	\$ -	\$ -	\$ -	\$ -	\$ 103,754,972
Program management	55,825,503	493,058	-	56,318,561	-	-	-	-	56,318,561
Payroll and related expenses	3,830,092	1,177,751	27,446	5,035,289	2,390,707	1,674,585	4,065,292	17,123	9,117,704
Outsourced services	3,272,810	690,885	16,152	3,979,847	459,029	1,136,555	1,595,584	190	5,575,621
Planning and evaluation	2,392,129	144,008	-	2,536,137	5,334	125,340	130,674	-	2,666,811
Customer service management	296,171	138,473	-	434,644	-	-	-	-	434,644
Trade Allies Network	354,897	19,352	-	374,249	-	-	-	-	374,249
Supplies	10,089	3,446	15	13,550	10,248	9,245	19,493	-	33,043
Postage and shipping	2,440	834	4	3,278	3,150	1,111	4,261	-	7,539
Telephone	2,737	935	4	3,676	1,448	1,246	2,694	-	6,370
Printing and publications	830	139	1	970	3,704	675	4,379	-	5,349
Occupancy expenses	274,540	93,816	408	368,764	145,224	124,977	270,201	-	638,965
Insurance	31,148	10,644	46	41,838	16,476	14,179	30,655	-	72,493
Equipment	5,102	112,699	8	117,809	2,699	2,323	5,022	-	122,831
Travel	40,246	22,036	-	62,282	45,048	56,436	101,484	79	163,845
Meetings, trainings, and conferences	31,367	19,443	2,448	53,258	70,843	25,040	95,883	99	149,240
Bank fees	-	-	-	-	1,676	-	1,676	-	1,676
Depreciation	29,365	10,035	44	39,444	15,533	13,368	28,901	-	68,345
Dues, licenses, and fees	101,964	10,335	-	112,299	10,907	23,268	34,175	-	146,474
Miscellaneous	60,736	296	1	61,033	458	395	853	-	61,886
IT services	1,819,412	262,136	1,056	2,082,604	432,952	339,224	772,176	-	2,854,780
<b>Total expenses</b>	<b>\$ 159,393,813</b>	<b>\$ 15,953,058</b>	<b>\$ 47,633</b>	<b>\$ 175,394,504</b>	<b>\$ 3,615,436</b>	<b>\$ 3,547,967</b>	<b>\$ 7,163,403</b>	<b>\$ 17,491</b>	<b>\$ 182,575,398</b>

**Energy Trust of Oregon, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2016**

	Energy Efficiency	Renewable Resources	Total Program Expenses	Management and General	Communication and Outreach – General	Total Administrative Expenses	Avista Development	Total Expenses
<b>EXPENSES</b>								
Incentives	\$ 93,736,085	\$ 16,540,433	\$ 110,276,518	\$ -	\$ -	\$ -	\$ -	\$ 110,276,518
Program management	52,639,975	438,645	53,078,620	-	-	-	1,940	53,080,560
Payroll and related expenses	3,400,679	1,043,010	4,443,689	2,348,328	1,353,842	3,702,170	26,686	8,172,545
Outsourced services	4,423,336	874,753	5,298,089	351,539	1,099,537	1,451,076	-	6,749,165
Planning and evaluation	2,332,331	77,526	2,409,857	1,723	-	1,723	-	2,411,580
Customer service management	479,377	123,380	602,757	-	-	-	-	602,757
Trade Allies Network	270,932	18,440	289,372	-	-	-	-	289,372
Supplies	8,114	2,760	10,874	8,329	4,161	12,490	-	23,364
Postage and shipping	2,493	849	3,342	2,977	1,214	4,191	-	7,533
Telephone	2,761	940	3,701	1,515	1,094	2,609	-	6,310
Printing and publications	2,656	102	2,758	6,561	118	6,679	-	9,437
Occupancy expenses	241,400	82,175	323,575	132,473	95,595	228,068	-	551,643
Insurance	30,540	10,396	40,936	16,759	12,094	28,853	-	69,789
Equipment	5,436	79,312	84,748	2,983	2,153	5,136	-	89,884
Travel	48,249	23,681	71,930	35,104	51,026	86,130	-	158,060
Meetings, trainings, and conferences	30,300	14,554	44,854	53,229	17,265	70,494	-	115,348
Bank fees	-	-	-	1,668	-	1,668	-	1,668
Depreciation	47,221	16,074	63,295	25,913	18,700	44,613	-	107,908
Dues, licenses, and fees	68,951	11,715	80,666	9,041	13,377	22,418	-	103,084
Miscellaneous	117,320	169	117,489	273	12,384	12,657	-	130,146
IT services	1,803,182	237,869	2,041,051	405,662	279,230	684,892	-	2,725,943
<b>Total expenses</b>	<b>\$ 159,691,338</b>	<b>\$ 19,596,783</b>	<b>\$ 179,288,121</b>	<b>\$ 3,404,077</b>	<b>\$ 2,961,790</b>	<b>\$ 6,365,867</b>	<b>\$ 28,626</b>	<b>\$ 185,682,614</b>

**Energy Trust of Oregon, Inc.**  
**Statements of Cash Flows**

	Years Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received in public purpose funding	\$ 97,727,202	\$ 84,222,567
Cash received in incremental funding	98,630,547	66,568,753
Interest received	490,738	995,209
Cash received from other sources	50,651	-
Cash paid to contractors, suppliers, and employees	(185,133,015)	(178,543,459)
Net cash from operating activities	11,766,123	(26,756,930)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(595,392)	(51,522)
Purchases of investments	(64,534,011)	(25,035,448)
Sales and maturities of investments	61,116,150	69,328,428
Issuance of notes receivable	-	(200,000)
Net cash from investing activities	(4,013,253)	44,041,458
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,752,870	17,284,528
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	44,471,034	27,186,506
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 52,223,904	\$ 44,471,034
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 14,258,701	\$ (34,359,370)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	844,670	926,764
Change in notes receivable allowance	(2,778)	24,718
Unrealized loss (gain) on investments	2,830	(72,329)
Amortization of bond premium	43,774	313,400
Net changes in:		
Other receivables	(51,455)	66,343
Accrued interest receivable	18,435	222,214
Advances paid to contractor	(439,295)	(1,108)
Prepaid expenses	35,904	199,002
Other assets	(137,281)	(215,540)
Accounts payable and accrued expenses	(3,408,849)	5,676,891
Accrued payroll and related expenses	170,376	217,304
Deferred rent liability	431,091	244,781
Net cash from operating activities	\$ 11,766,123	\$ (26,756,930)

## Energy Trust of Oregon, Inc.

### Notes to Financial Statements

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#### Note 1 – Organization

Energy Trust of Oregon, Inc. (Energy Trust), a nonprofit 501(c)(3) organization, began collecting public purpose revenues in March 2002. By the terms of its grant agreement with the Oregon Public Utility Commission (OPUC), it is charged with investing in cost-effective energy conservation, funding above-market costs of small scale renewable energy resources, and encouraging energy efficiency market transformation efforts in Oregon.

All Energy Trust funds originally came from a 1999 energy restructuring law, which required Oregon's two largest investor-owned utilities to collect a three percent public purpose charge from their customers. A portion of that charge is transferred to Energy Trust, and the remainder is dedicated to energy conservation efforts in low-income housing and K-12 schools, as well as low-income housing improvements. The sunset date for collection of the public purpose charge is 2026.

The law authorized the OPUC to direct a majority of these public purpose funds to a non-governmental entity for investment. Energy Trust was created for this sole purpose. In November 2001, Energy Trust entered into a grant agreement with the OPUC to guide Energy Trust's electric energy work. The grant agreement was developed with extensive input from key stakeholders and interested parties, and it has been amended several times since 2001. The agreement is reviewed annually by the OPUC and is automatically extended annually for an additional three years unless Energy Trust or the OPUC give notice otherwise.

In 2007, the Oregon State Legislature passed Senate Bill 838 (OSB 838) and it was signed by the governor, which allowed electric utilities to request an increase in rates to pursue additional energy conservation opportunities. In 2008, PacifiCorp and Portland General Electric elected to send funds related to OSB 838 to Energy Trust to pursue energy conservation opportunities for retail electricity purchasers of less than one average megawatt. This precludes Energy Trust from providing services with this funding to some larger commercial and industrial customers. These funds are reported separately in the statement of activities as "incremental funding." The funds received from PacifiCorp and Portland General Electric may be used for conservation efforts in addition to activity funded by the public purpose funds.

In addition to its work under the 1999 energy restructuring law, Energy Trust administers natural gas conservation programs for residential and commercial customers of NW Natural. Under the terms of the 2003 agreement with the OPUC, NW Natural collects and transfers to Energy Trust a surcharge of the total monthly amount billed to non-industrial customers. Energy Trust uses these funds for energy efficiency efforts to benefit NW Natural's Oregon residential and commercial customers. In 2009, Energy Trust began administering energy efficiency programs for qualified industrial customers of NW Natural.

In 2006, Energy Trust began administering natural gas conservation programs for residential and commercial customers of Cascade Natural Gas Corporation (Cascade) under public purpose agreements. Each agreement provides for a different methodology for determining the amount of funds to be provided to Energy Trust.

**Note 1 – Organization (continued)**

In 2009, Energy Trust entered into a Washington Customer's Public Purpose Funds Transfer Agreement with NW Natural. Under the terms of the agreement, NW Natural agrees to transfer funds (Washington Funds) and customer information to Energy Trust to design and administer cost-effective energy efficiency programs for existing homes and businesses to NW Natural customers in Washington. In 2010, the agreement was amended to include similar programs for builders constructing new homes in NW Natural's Washington service territory. The agreement expires on January 31, 2019.

In 2016, Energy Trust entered into a Public Purpose Funds Transfer Agreement with Avista Corporation (Avista). Under the terms of the agreement, Avista agrees to provide funds to Energy Trust for energy conservation programs in Avista's Oregon service areas. The agreement expires on January 1, 2019.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of presentation**

Energy Trust is required to report information regarding its financial position and activities according to three classes of net assets under generally accepted accounting principles:

- **Unrestricted** – Net assets that are not subject to donor stipulations.
- **Temporarily restricted** – Net assets subject to donor imposed stipulations that may or will be met, either by actions of Energy Trust and/or the passage of time. When a restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets at December 31, 2017 or 2016.
- **Permanently restricted** – Net assets subject to donor imposed stipulations which must be maintained permanently by Energy Trust. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2017 or 2016.

**Concentrations of credit risk**

Energy Trust's cash and cash equivalents may subject Energy Trust to concentrations of credit risk, as the fair value of securities is dependent on the ability of the issuer to honor its contractual commitments. Energy Trust's non-interest bearing cash balances may exceed federally insured limits. Energy Trust has not experienced any losses in such accounts to date.

# Energy Trust of Oregon, Inc.

## Notes to Financial Statements

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### Note 2 – Summary of Significant Accounting Policies (continued)

#### Cash and cash equivalents

For purposes of financial statement classification, Energy Trust considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

#### Investments

Holdings consist of fixed income investments, certificates of deposit, and commercial paper. The fixed income funds and certificates of deposit have initial maturities generally ranging from four to twelve months. Certificates are generally non-negotiable and non-transferable, and may incur substantial penalties for withdrawal prior to maturity. Investments are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

#### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and are depreciated using the straight-line method over their estimated useful lives, which generally range from three to five years. It is Energy Trust's policy to capitalize property and equipment over \$5,000.

#### Deferred rent liability

Energy Trust leases office space under a non-cancellable lease. The lease contains a provision for increases in rental rates as well as abated rent. Rent expense is recognized on the straight-line basis with the difference between the expense and rent payments being recognized as deferred rent. Deferred rent was \$990,344 and \$559,253 for the years ended December 31, 2017 and 2016, respectively.

#### Revenue recognition

All funding is considered available for unrestricted use unless specifically restricted by the donor. Public purpose and incremental funding are recognized when funds are received from the funding source.

Revenues from grants are recognized when committed, if unrestricted, and when earned, if restricted, typically as expenses are incurred. Revenues under cost reimbursement contracts are considered earned when expenses, which are subject to reimbursement by the granting agency, are incurred. Revenues are reported as unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. These revenues are earned once the stipulated time restriction or purpose restriction is accomplished. Related expenses are reported as decreases in unrestricted net assets.

#### Expense allocation

The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising

Energy Trust expenses advertising costs as incurred. Advertising costs include activities to create or stimulate a desire to use Energy Trust's services that are provided without charge. Advertising expense amounted to \$1,751,991 and \$1,867,384 for the years ended December 31, 2017 and 2016, respectively.

**Note 2 – Summary of Significant Accounting Policies (continued)**

**Income taxes**

Energy Trust is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as Energy Trust has no activities subject to unrelated business income tax. Energy Trust is not a private foundation.

Energy Trust recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Energy Trust recognizes interest and penalties related to income tax matters, if any, in administrative expense.

Energy Trust had no unrecognized tax benefits at December 31, 2017 or 2016. No interest and penalties were accrued for the years ended December 31, 2017 or 2016. Energy Trust files an exempt organization return in the U.S. federal jurisdiction.

**Renewable energy certificates**

In the process of funding above-market costs of renewable energy resources, Energy Trust negotiates the contractual ownerships of Renewable Energy Certificates (REC) with funding recipients. A single REC represents one megawatt-hour of generation of qualifying electricity from eligible resources including, among others, solar, wind, and biomass. In 2011, Energy Trust amended policy 4.15.000-P to remove provisions allowing the sale of RECs. As of December 31, 2017 and 2016, the fair value of RECs has not been recorded as it is not considered material to the financial statements.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. Energy Trust recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. Energy Trust's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

Energy Trust has evaluated subsequent events through April 4, 2018, which is the date the financial statements were available to be issued.

## Energy Trust of Oregon, Inc.

### Notes to Financial Statements

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#### Note 3 – Investments

Investments are stated at fair value as determined by quoted market prices and consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Fixed income investments	\$ 5,659,823	\$ 7,942,280
Certificates of deposit greater than 90 days	13,082,669	9,419,115
Commercial paper	<u>3,978,900</u>	<u>1,988,740</u>
	<u>\$ 22,721,392</u>	<u>\$ 19,350,135</u>

#### Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Computer equipment and software	\$ 3,733,082	\$ 3,696,232
Office equipment and furniture	815,056	716,876
Leasehold improvements	<u>595,027</u>	<u>318,964</u>
	5,143,165	4,732,072
Less accumulated depreciation	<u>4,442,925</u>	<u>3,598,867</u>
	700,240	1,133,205
Work in process	<u>183,687</u>	<u>-</u>
	<u>\$ 883,927</u>	<u>\$ 1,133,205</u>

At December 31, 2017, work in process consisted of various software development projects.

**Note 5 – Fair Value Measurements**

Accounting literature defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Energy Trust determines fair value based on quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect Energy Trust's market assumptions.

These two types of inputs create the following fair value hierarchy:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. Energy Trust's own data used to develop unobservable inputs is adjusted for market consideration when reasonably available.

Energy Trust used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

*Investments* – Investments are comprised of fixed income investments, certificates of deposit, and commercial paper. Investments fair values are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

*Deferred compensation assets* – Deferred compensation assets are comprised of U.S. mutual funds and a guaranteed investment contract. For U.S. mutual funds, the fair value is obtained from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, cash flows, or the U.S. Treasury yield curve. The guaranteed investment contract is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable duration. Fair value approximates contract value. Deferred compensation assets are recorded in other assets within the statements of financial position.

There were no changes in the valuation methodologies or assumptions used by Energy Trust for the years ended December 31, 2017 or 2016.

It is Energy Trust's policy to recognize transfers of investments between levels in the fair value hierarchy on December 31<sup>st</sup> of each year.

## Energy Trust of Oregon, Inc.

### Notes to Financial Statements

#### Note 5 – Fair Value Measurements (continued)

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis, and indicates the fair value hierarchy of the valuation techniques utilized by Energy Trust to determine such fair value:

	Fair Value Measurements at Report Date Using:			
	Fair Value at December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation assets:				
U.S. mutual funds	\$ 579,508	\$ 579,508	\$ -	\$ -
Guaranteed investment contract	393,320	-	393,320	-
Total deferred compensation assets	972,828	579,508	393,320	-
Investments:				
Fixed income investments				
U.S. corporate bonds	3,659,883	3,659,883	-	-
Other foreign corporate bonds	1,999,940	1,999,940	-	-
Certificates of deposit	13,082,669	-	13,082,669	-
Commercial paper	3,978,900	-	3,978,900	-
Total investments	22,721,392	5,659,823	17,061,569	-
Total assets measured at fair value	\$ 23,694,220	\$ 6,239,331	\$ 17,454,889	\$ -

**Energy Trust of Oregon, Inc.**  
**Notes to Financial Statements**

**Note 5 – Fair Value Measurements (continued)**

	Fair Value Measurements at Report Date Using:			
	Fair Value at December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Deferred compensation assets:				
U.S. mutual funds	\$ 571,396	\$ 571,396	\$ -	\$ -
Guaranteed investment contract	278,126	-	278,126	-
Total deferred compensation assets	849,522	571,396	278,126	-
Investments:				
Fixed income investments				
U.S. corporate bonds	5,016,060	5,016,060	-	-
Canadian corporate bonds	2,000,540	2,000,540	-	-
Municipal bonds	925,680	925,680	-	-
Certificates of deposit	9,419,115	-	9,419,115	-
Commercial paper	1,988,740	-	1,988,740	-
Total investments	19,350,135	7,942,280	11,407,855	-
Total assets measured at fair value	<u>\$ 20,199,657</u>	<u>\$ 8,513,676</u>	<u>\$ 11,685,981</u>	<u>\$ -</u>

Assets are to be classified in the table above by recurring or non-recurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. There were no assets measured on a non-recurring basis at December 31, 2017 or 2016.

As of December 31, 2017 and 2016, Energy Trust does not have any liabilities that are required to be measured in accordance with fair value standards.

## Energy Trust of Oregon, Inc.

### Notes to Financial Statements

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#### Note 6 – Notes Receivable

Energy Trust has entered into an agreement with Craft3 to loan up to \$300,000 in support of the Savings Within Reach Loan Program. At December 31, 2017 and 2016, Energy Trust had loaned \$300,000, which accrues interest at 1%, and is payable quarterly. The note receivable is due and payable on June 30, 2025. At December 31, 2017 and 2016, total accrued interest receivable associated with the notes receivable was \$750 and \$683, respectively.

Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts outstanding per the terms of the agreement. Balances are written off only when they are deemed to be uncollectible. At December 31, 2017 and 2016, the allowance for doubtful accounts was \$36,331 and \$39,109, respectively.

Subsequent to year-end, Energy Trust entered into an additional agreement with Craft3 to loan up to \$500,000 in support of the Savings Within Reach Loan Program.

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**Energy Trust of Oregon, Inc.**  
**Notes to Financial Statements**

**Note 7 – Public Purpose Funding and Incremental Funding**

Public purpose funding and incremental funding received are as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Public purpose funding		
Portland General Electric		
Energy efficiency	\$ 29,843,360	\$ 28,127,436
Renewable resources	<u>8,593,247</u>	<u>8,105,815</u>
	<u>38,436,607</u>	<u>36,233,251</u>
PacifiCorp		
Energy efficiency	22,701,600	21,541,576
Renewable resources	<u>6,429,328</u>	<u>6,052,225</u>
	<u>29,130,928</u>	<u>27,593,801</u>
Northwest Natural - Oregon		
Energy efficiency	<u>24,379,570</u>	<u>16,613,855</u>
Northwest Natural - Washington		
Energy efficiency	<u>2,120,834</u>	<u>1,937,679</u>
Cascade		
Energy efficiency	<u>2,622,395</u>	<u>1,687,981</u>
Avista		
Energy efficiency	<u>1,036,868</u>	<u>156,000</u>
Total public purpose funding	<u>\$ 97,727,202</u>	<u>\$ 84,222,567</u>
Incremental funding		
Portland General Electric	\$ 63,767,342	\$ 41,012,913
PacifiCorp	<u>34,863,205</u>	<u>25,555,840</u>
Total incremental funding	<u>\$ 98,630,547</u>	<u>\$ 66,568,753</u>

## Energy Trust of Oregon, Inc.

### Notes to Financial Statements

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#### Note 8 – Operating Lease Commitments

Energy Trust leases its administrative offices under an operating lease agreement which expires in June 2025. At December 31, 2017, the aggregate annual commitments under the terms of this lease is payable as follows for the years ending December 31:

2018	\$ 718,088
2019	616,641
2020	1,006,895
2021	1,039,348
2022	1,071,801
Thereafter	<u>3,410,122</u>
	<u>\$ 7,862,895</u>

Total rent expense under operating leases was \$871,536 and \$784,667 for the years ended December 31, 2017 and 2016, respectively.

#### Note 9 – Retirement Plans

**Retirement plan** – Energy Trust provides all employees with a qualified profit sharing retirement plan as prescribed under Section 401(k) of the Internal Revenue Code. Generally, employees who have completed at least three consecutive months of work may elect to make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law. Employees select from various investment options. On a discretionary basis, as determined annually by the Board of Directors, Energy Trust may make contributions to the plan. For each of the years ended December 31, 2017 and 2016, Energy Trust contributed to the plan an amount equal to 6% of the compensation earned by each eligible employee during the period. Employees are immediately vested in all contributions to the plan. Retirement plan expense recorded by Energy Trust was \$562,791 and \$519,654 for the years ended December 31, 2017 and 2016, respectively.

**Deferred compensation plan** – Energy Trust sponsors a non-qualified deferred compensation plan for selected employees. Investments are owned by Energy Trust and managed individually by each participant. At the time an employer contribution is made, the Board will, in its sole discretion, determine whether the employer contribution will be initially fully vested or will become vested in accordance with vesting terms designated by the Board of Directors. Until paid to participants, plan assets are subject to the claims of Energy Trust's creditors.

Energy Trust did not make discretionary contributions to the plan during the years ended December 31, 2017 or 2016. Energy Trust recorded an asset and a liability in the amount of \$972,828 and \$976,378 and \$849,522 and \$853,072 as of December 31, 2017 and 2016, respectively.

The deferred compensation asset and liability are recorded in other assets and accrued payroll and related expenses, respectively, in the statements of financial position.

**Note 10 – Contractual Commitments**

Energy Trust enters into contract commitments for various goods and services. As of December 31, 2017, Energy Trust expects to pay approximately \$68,000,000 in future periods under these commitments. Expenditures for these commitments are recorded in the period in which they are incurred.

Energy Trust entered into incentive funding agreements for energy efficiency and renewable resource projects not completed as of December 31, 2017 totaling no more than \$91,000,000. These amounts will be paid in the period in which they are completed.

Energy Trust also has projects and incentive payment requests in progress that did not meet its recognition criteria at both December 31, 2017 and 2016. These amounts are unquantifiable and, as such, not disclosed in the notes to the financial statements.

**Note 11 – Related Party Transactions**

Energy Trust, along with a number of other northwest regional utilities, provides funding to Northwest Energy Efficiency Alliance (NEEA). Energy Trust benefits from the arrangement by achieving low cost, long lasting electric energy savings through NEEA's regional market transformation activities. In 2017 and 2016, Energy Trust's executive director served on the NEEA's board of directors. Total payments to NEEA were approximately \$9,802,000 and \$5,866,000 for the years ended December 31, 2017 and 2016, respectively.

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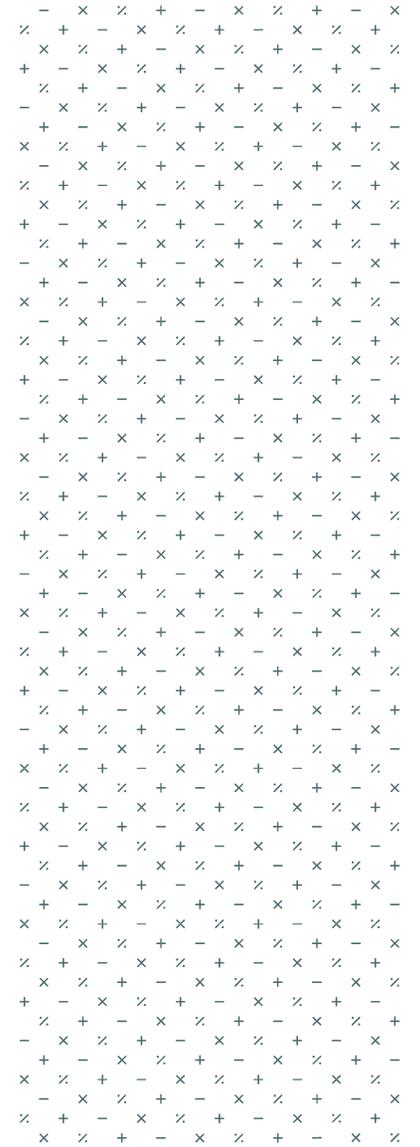
MOSSADAMS

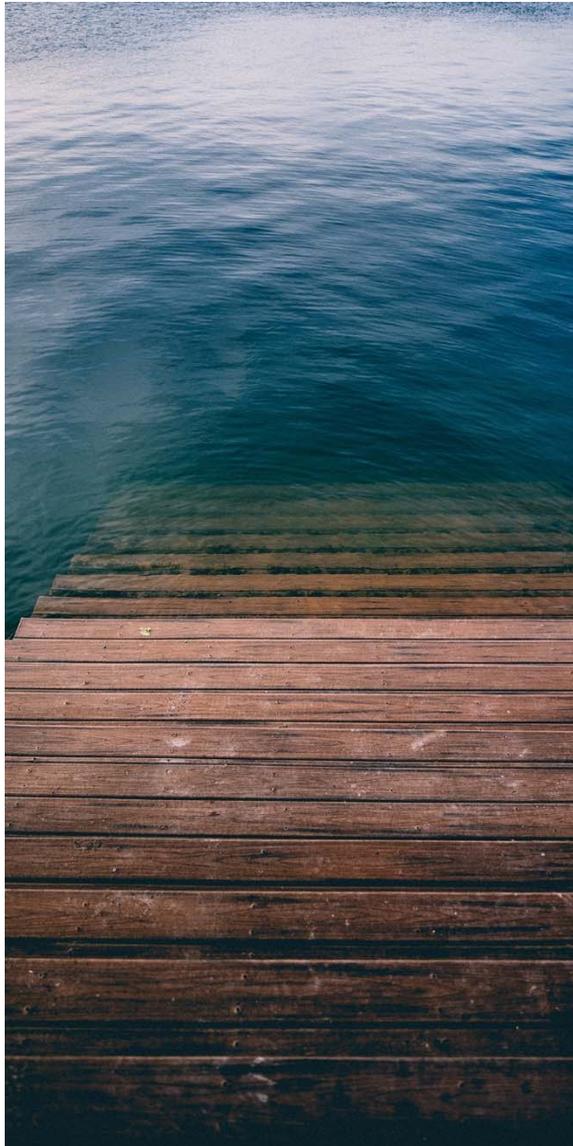
**PINK PAPER**



# Audit Results

Better Together: Moss Adams & Energy Trust of Oregon





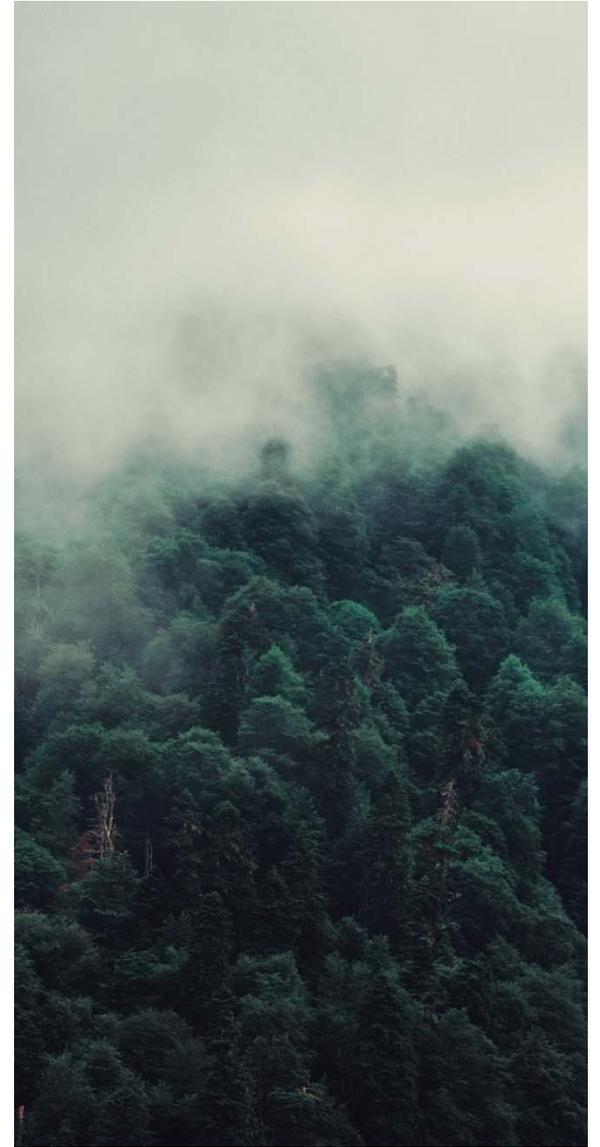
# Agenda

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1. Auditor Opinion and Report
2. Communication with Those Charged with Governance
3. Other Information



# Auditor Opinion & Report





# Auditor Report on the Financial Statement

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Unmodified Opinion

**Financial statements are presented fairly and in accordance with US GAAP**



# Communication with Those Charged with Governance





COMMUNICATION WITH GOVERNING BODY

# Deficiencies in Internal Control

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Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the audit committee.

## Our Comments

- **Material weakness**
  - None noted
- **Significant deficiencies & non-compliance**
  - Nothing to communicate

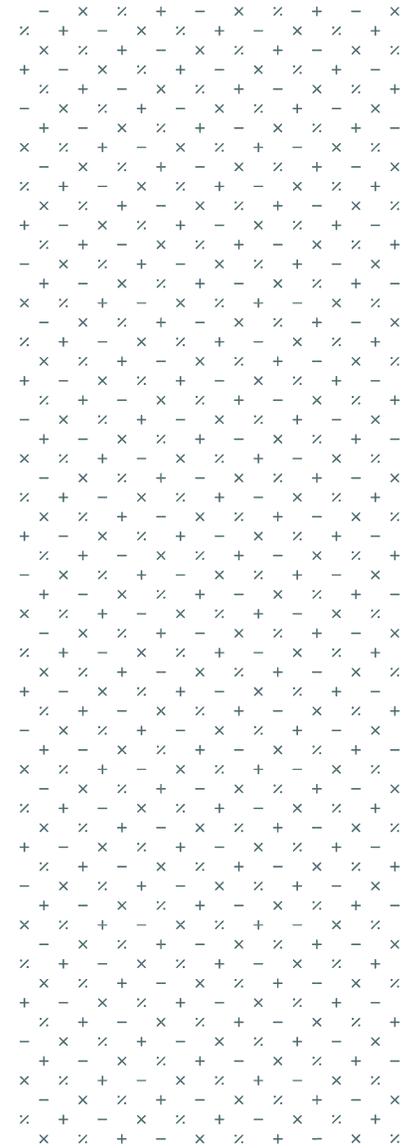




# Not-for-Profit Survey Series

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We believe access to accurate information about your industry is a key piece of evaluating your organization's operations. Our Not-for-Profit Survey Series delivers accurate information about industry trends and the decisions other organizations are making to help you better evaluate your own operations. We've created a survey series with the aim of providing not-for-profits—including higher education—with that data.

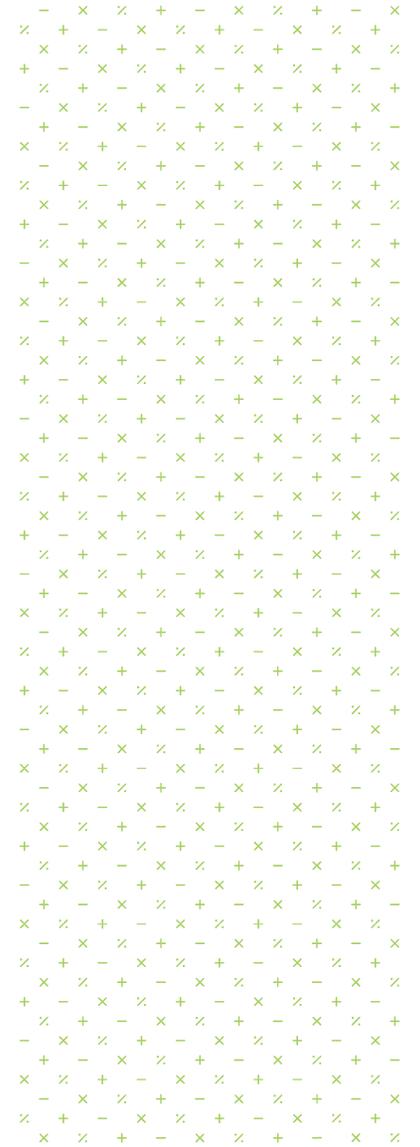




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# Not-for-Profit Survey Series: Endowments

*Better Together: Moss Adams & Energy Trust of Oregon*



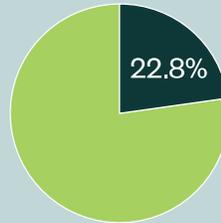


# Not-for-Profit Survey Series: Endowments

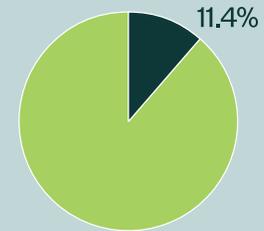
The first foray includes insight from 462 organizations across the nation and focuses on endowment spending policies related to the size and type of endowments.

## WHO HAS ENDOWMENTS?

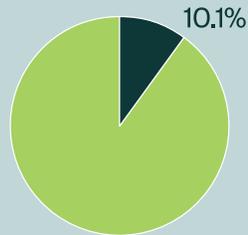
HIGHER EDUCATION



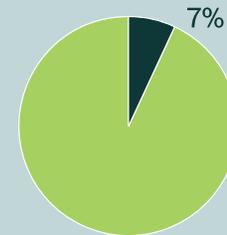
ARTS & CULTURE



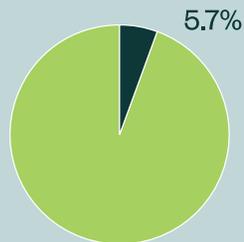
YOUTH PROGRAMS



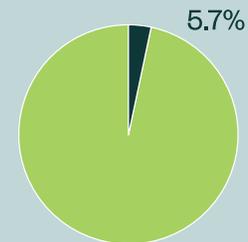
HOUSING & SHELTER



COMMUNITY FOUNDATIONS



RELIGIOUS ORGANIZATIONS

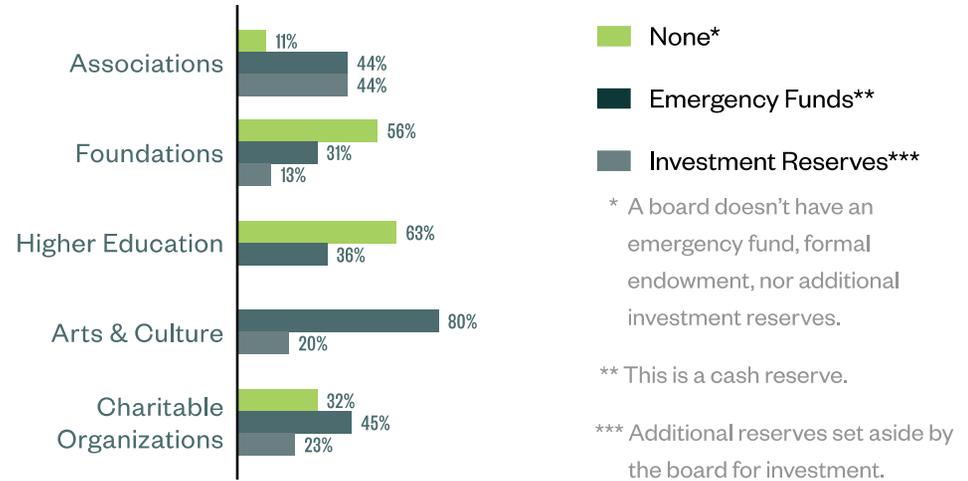




# Not-for-Profit Survey Series: Endowments

The first foray includes insight from 462 organizations across the nation and focuses on endowment spending policies related to the size and type of endowments.

## ORGANIZATIONS WITHOUT ENDOWMENTS





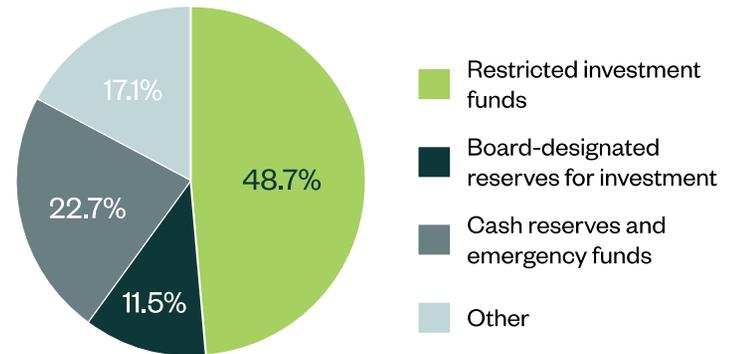
# Not-for-Profit Survey Series: Endowments

The first foray includes insight from 462 organizations across the nation and focuses on endowment spending policies related to the size and type of endowments.

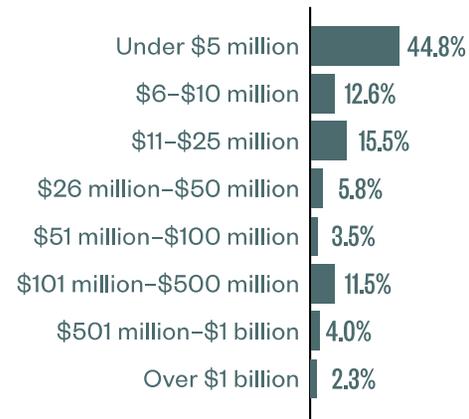
## PERMANENTLY RESTRICTED INVESTMENT FUNDS

Nearly half of respondents reported having permanently restricted investment funds. Of those, 44.8% had endowments of less than \$5 million.

TYPE OF INVESTMENT FUND HELD BY RESPONDENTS



SIZE OF RESTRICTED INVESTMENT FUND HELD



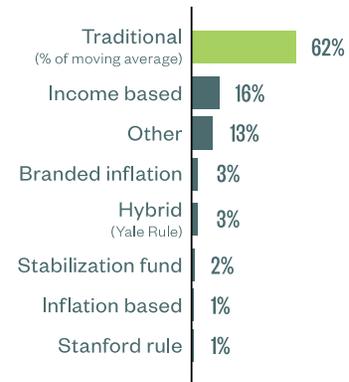


# Not-for-Profit Survey Series: Endowments

The first foray includes insight from 462 organizations across the nation and focuses on endowment spending policies related to the size and type of endowments.

## SPENDING MODELS

The most common endowment spending model was the traditional spending model utilizing a moving average with 61.5% of organizations that use it. Of those using this model, the three-year rate averaged 4.8%.





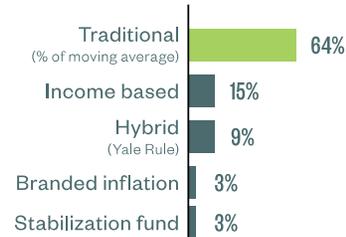
# Not-for-Profit Survey Series: Endowments

Spending models breakdown by industry, including the average three-year rate and the average spending rate.

Here's the breakdown by industry, including the average three-year rate and the average spending rate.

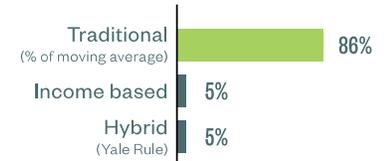
## HIGHER EDUCATION

Three-year rate averaged 4.6%.  
Average spending rate was 4.0%.



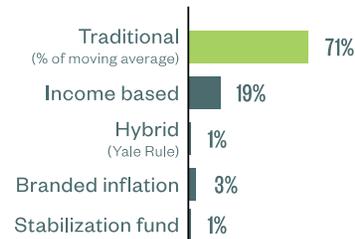
## FOUNDATIONS

Three-year rate averaged 4.5%.  
The average spending rate was 4.6%.



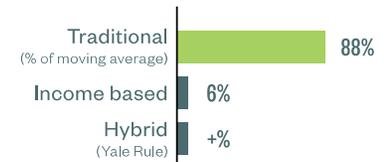
## CHARITABLE ORGANIZATIONS

Three-year rate averaged 4.8%.  
The average spending rate was 13.5%.



## ARTS & CULTURE

Three-year rate averaged 5.2%.  
The average spending rate was 4.8%.



## ASSOCIATIONS

Three-year rate averaged 4.3%.  
The average spending rate was 4.3%.

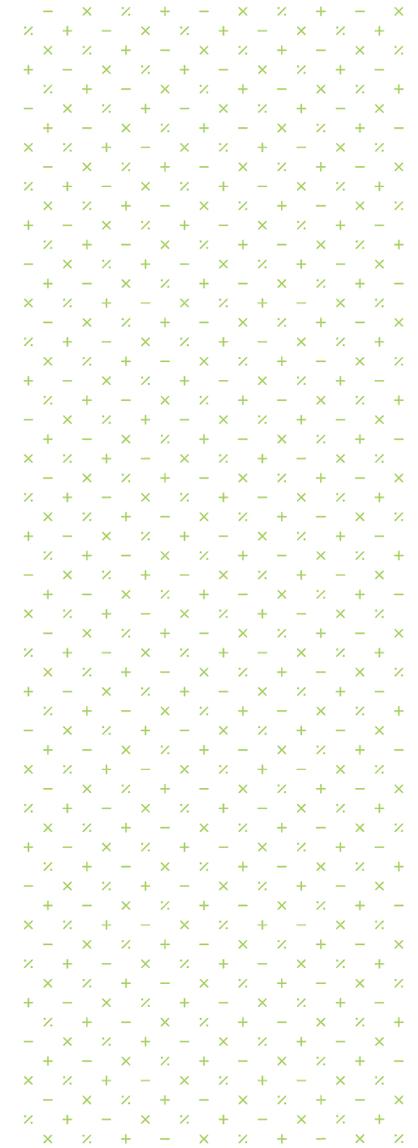




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# Not-for-Profit Survey Series: Strategic Alliances

*Better Together: Moss Adams & Energy Trust of Oregon*

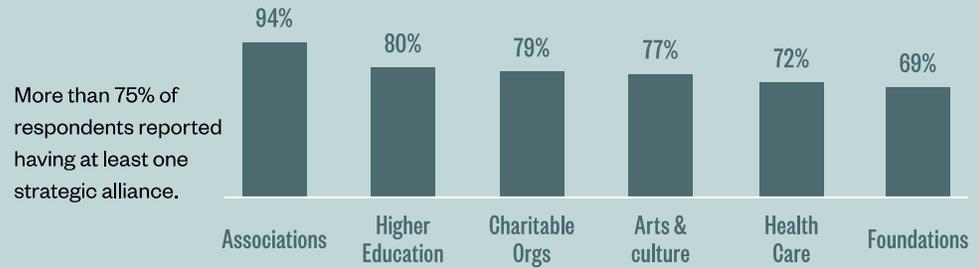




# Not-for-Profit Survey Series: Strategic Alliances

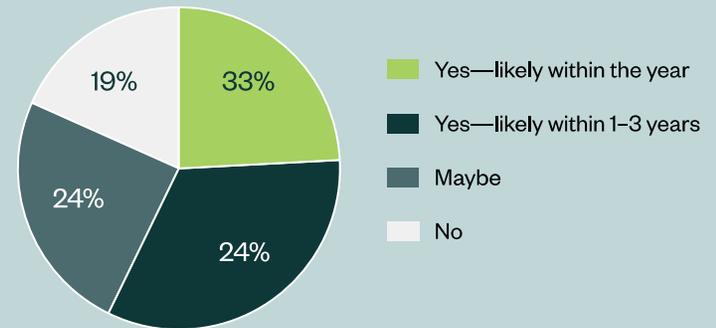
The second installment in this series includes insight from 491 organizations across the nation and focuses on the strategic alliances they maintain with various for-profit and not-for-profit organizations.

## WHO HAS STRATEGIC ALLIANCES?



## ORGANIZATIONS WITHOUT STRATEGIC ALLIANCES

More than half of the roughly 100 organizations that reported no current strategic alliance are interested in pursuing one within the next three years.

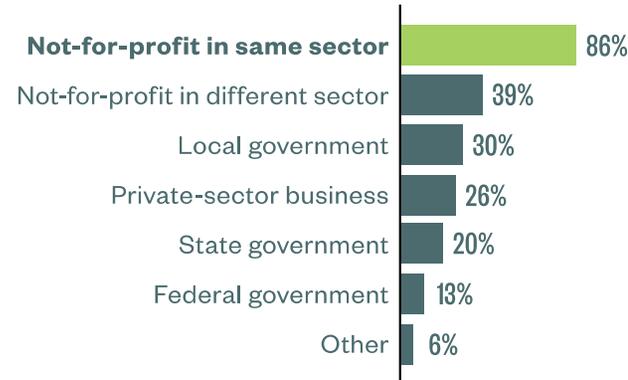




# Not-for-Profit Survey Series: Strategic Alliances

The second installment in this series includes insight from 491 organizations across the nation and focuses on the strategic alliances they maintain with various for-profit and not-for-profit organizations.

## WHO ARE STRATEGIC ALLIANCES WITH?



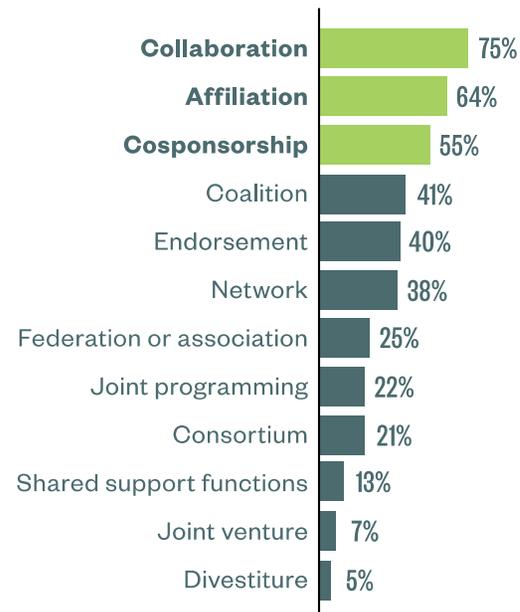
Not-for-profits most frequently reported entering into alliances with other not-for-profit organizations operating within the same sector and targeting the same population or cause. This percentage stands in stark contrast to private-sector businesses, which accounted for only one quarter of alliances.



# Not-for-Profit Survey Series: Strategic Alliances

The second installment in this series includes insight from 491 organizations across the nation and focuses on the strategic alliances they maintain with various for-profit and not-for-profit organizations.

## TYPES OF STRATEGIC ALLIANCES



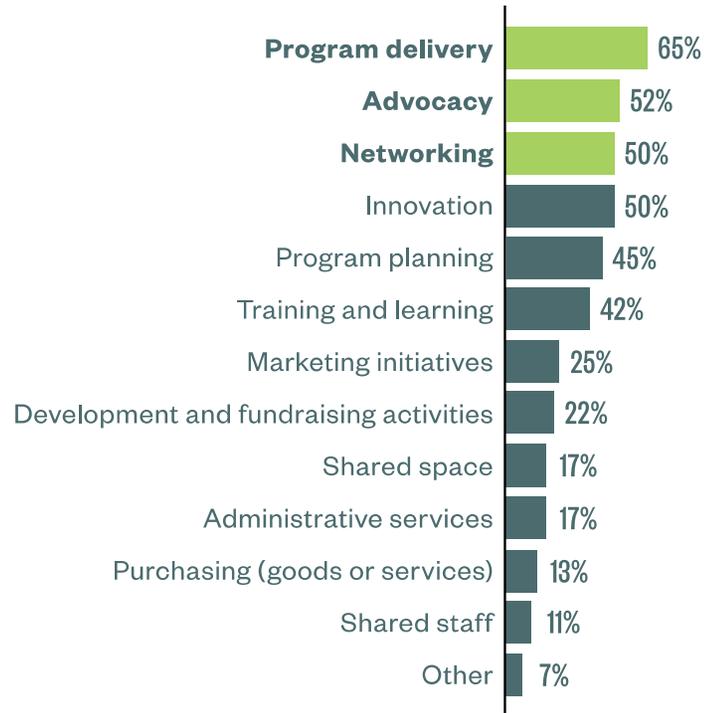
Collaboration, affiliation, and cosponsorship are likely the most popular strategic alliances because they don't require restructuring or a formal agreement.



# Not-for-Profit Survey Series: Strategic Alliances

The second installment in this series includes insight from 491 organizations across the nation and focuses on the strategic alliances they maintain with various for-profit and not-for-profit organizations.

## AREAS OF FOCUS



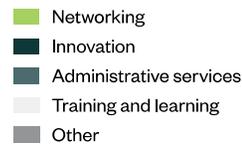
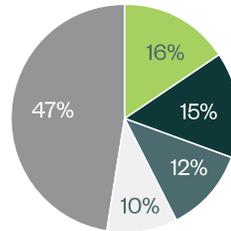
The most highly reported areas of focus unsurprisingly aligned with the top reasons identified for pursuing alliances: increased effectiveness in providing services and reaching a larger audience.

# Not-for-Profit Survey Series: Strategic Alliances

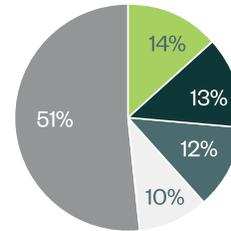
Strategic alliances areas of focus by industry

Here's the breakdown by industry.

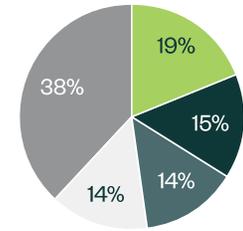
### HIGHER EDUCATION



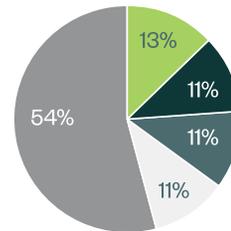
### HEALTH CARE



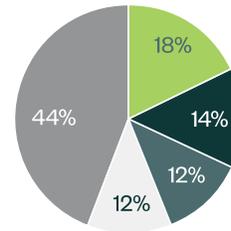
### ARTS AND CULTURE



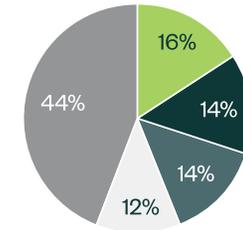
### FOUNDATIONS



### CHARITABLE ORGANIZATIONS



### ASSOCIATIONS

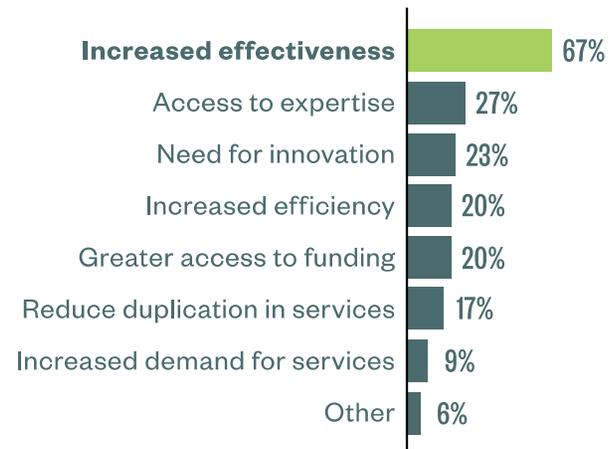




# Not-for-Profit Survey Series: Strategic Alliances

The second installment in this series includes insight from 491 organizations across the nation and focuses on the strategic alliances they maintain with various for-profit and not-for-profit organizations.

## REASONS FOR ALLIANCES



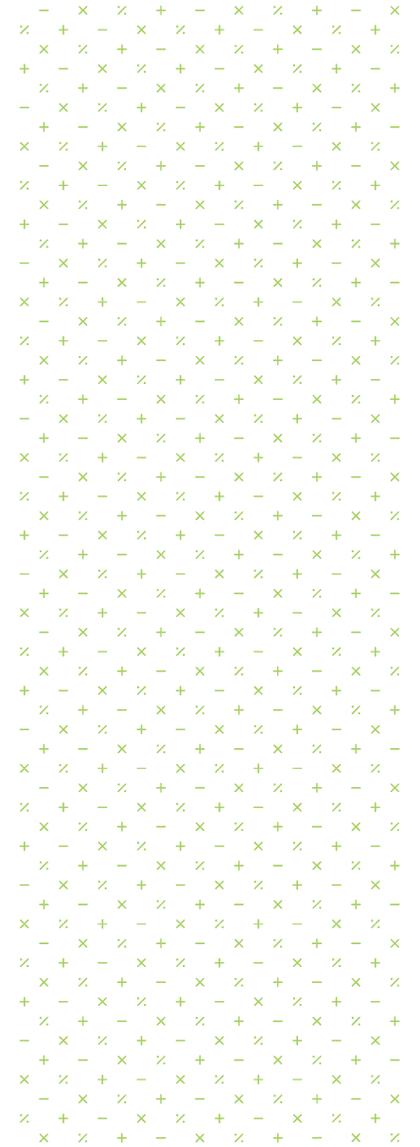
By a wide margin, increased effectiveness was the leading reason organizations reported pursuing a strategic alliance.



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# Not-for-Profit Survey Series: Risk Management

*Better Together: Moss Adams & Energy Trust of Oregon*



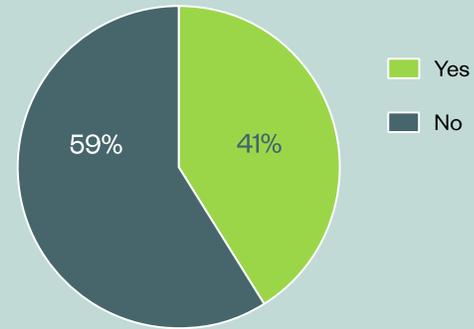


# Not-for-Profit Survey Series: Risk Management

The third installment in this series includes insight from 150 organizations across the nation and focuses on their approach to risk management.

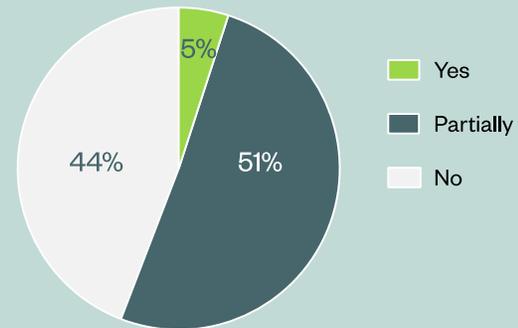
## WHO HAS A DOCUMENTED RISK MANAGEMENT POLICY?

More than half of respondents reported having no written risk management plan or policy.



## WHO HAS AN EMPLOYEE DEDICATED TO RISK MANAGEMENT?

Over half of respondents reported having an employee spend some portion of their time on risk management efforts, although only 4.7% reported having a full-time employee dedicated to risk management.

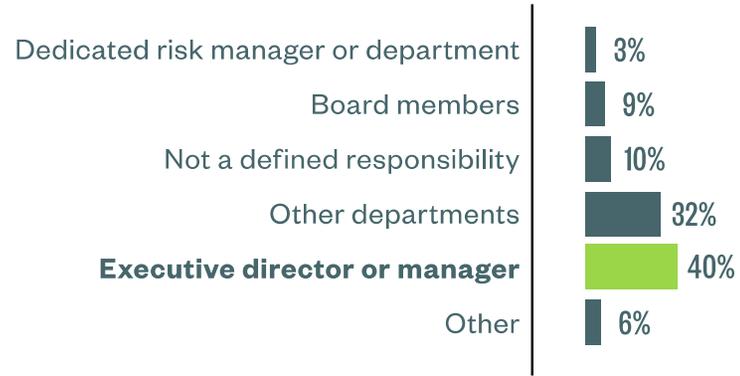




# Not-for-Profit Survey Series: Risk Management

The third installment in this series includes insight from 150 organizations across the nation and focuses on their approach to risk management.

## INDIVIDUALS RESPONSIBLE FOR RISK MANAGEMENT



Executive directors and department managers are the most likely to serve as the primary responsible party for risk management.

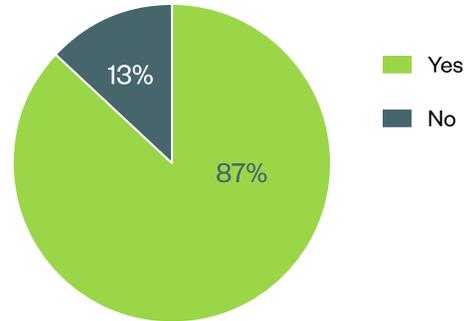


# Not-for-Profit Survey Series: Risk Management



The third installment in this series includes insight from 150 organizations across the nation and focuses on their approach to risk management.

## WHISTLEBLOWER POLICY



A whistleblower policy encourages employees and volunteers to come forward with information about an organization's illegal accounting practices, specifies that the individual can't be retaliated against, and identifies to whom information can be reported.



# Not-for-Profit Survey Series: Risk Management

The third installment in this series includes insight from 150 organizations across the nation and focuses on their approach to risk management.

## RANKING OF KEY RISK AREAS



Not-for-profits face a number of challenges when managing risk. The most commonly reported area of concern was governance, including board oversight and a lack of policies and procedures. Client and customer risk challenges were also highly reported, which include patient safety, errors, workforce malpractice, discrimination, harassment, and the abuse of vulnerable clients.

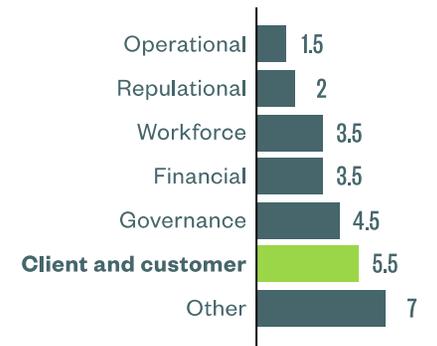
### HIGHER EDUCATION



### FOUNDATIONS



### ASSOCIATIONS





# Not-for-Profit Survey Series: Risk Management

## RISK ASSESSMENT METHODS

The majority of not-for-profits—61 organizations—reported not having assessed their risk within the last year.

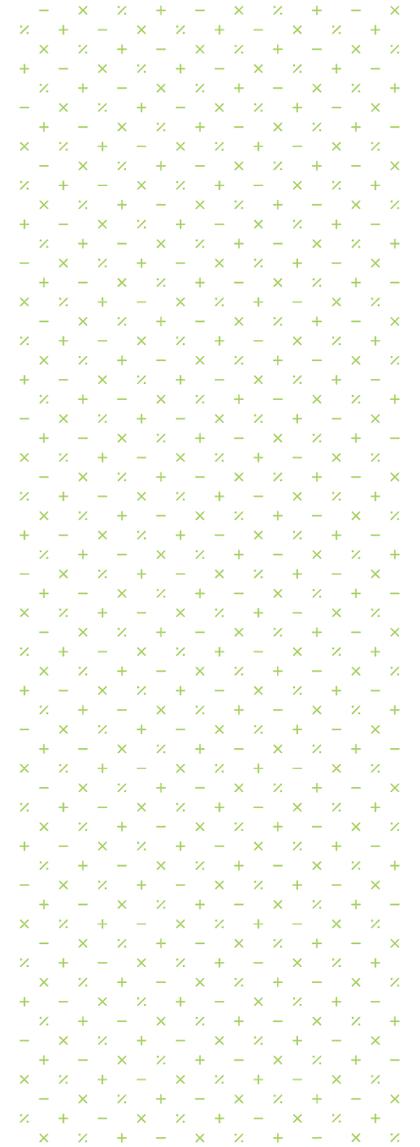




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# Not-for-Profit Survey Series: Audit Committee

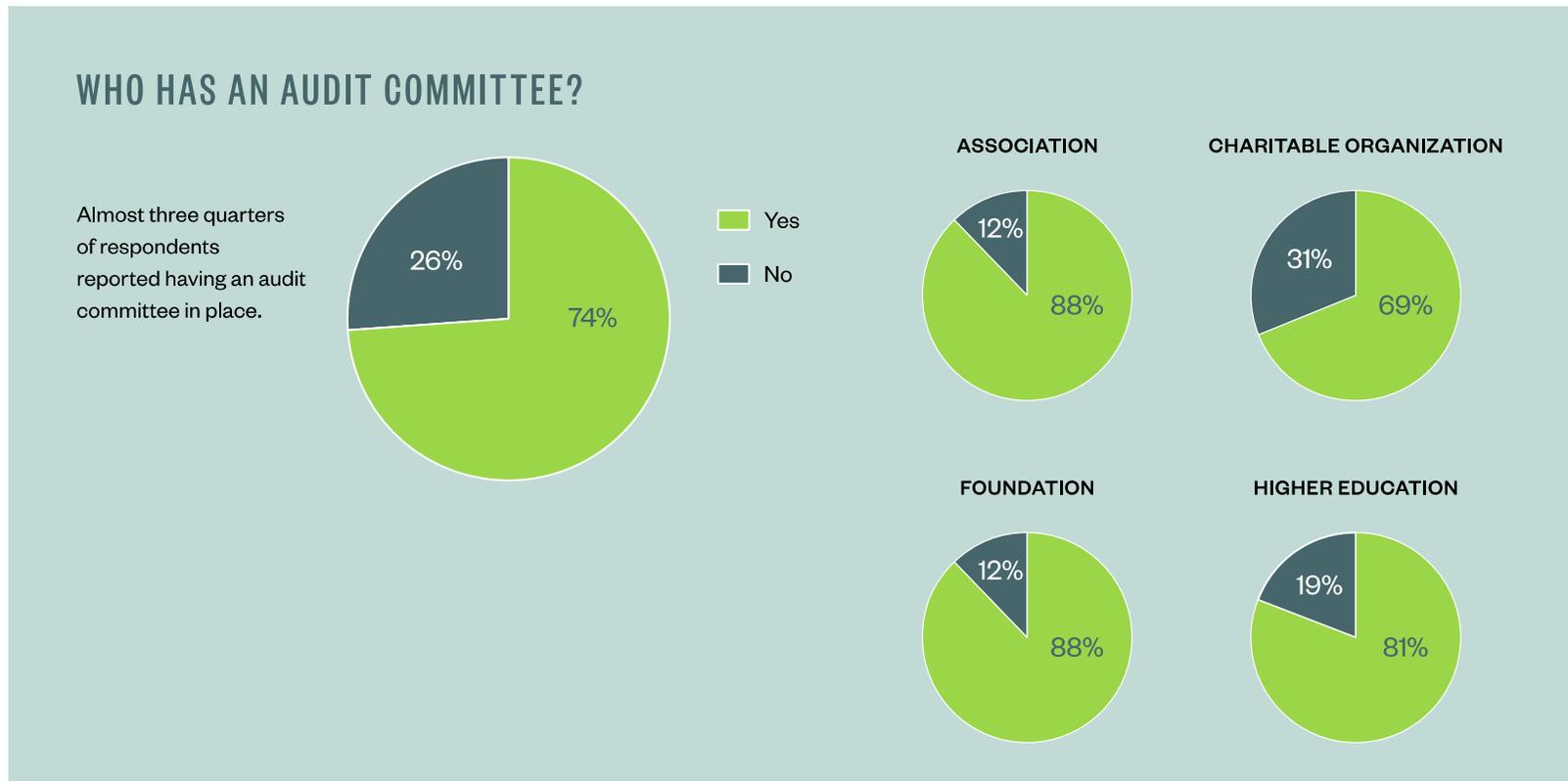
*Better Together: Moss Adams & Energy Trust of Oregon*





# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.



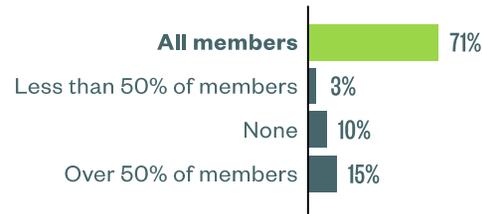


# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.

## MEMBERS

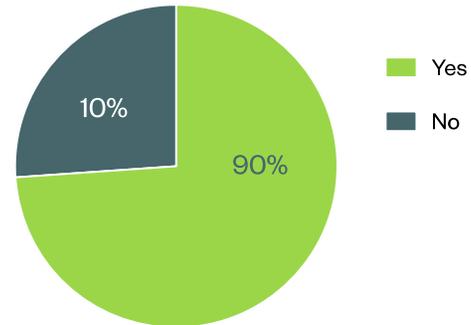
### INDEPENDENCE



More than half of respondents reported all members of their audit committee as being independent. Only about 10% reported having no independent audit members.

### FINANCIAL EXPERT

Additionally, over 90% of respondents reported having a financial expert on their audit committee.

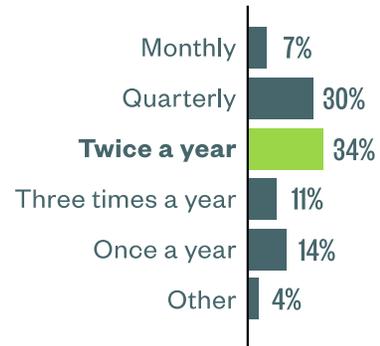




# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.

## MEETINGS



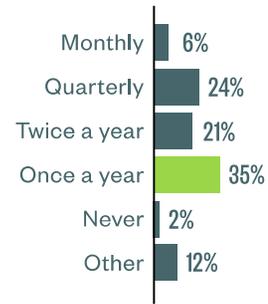
According to survey results, audit committee meetings are most likely to occur on either a quarterly or biannual basis.



# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.

## REPORTING



Respondents were most likely to report their audit committees as reporting to the organization's full board on an annual basis. Closely following that are quarterly reports—at 24%—and biannual reports—at 21%.



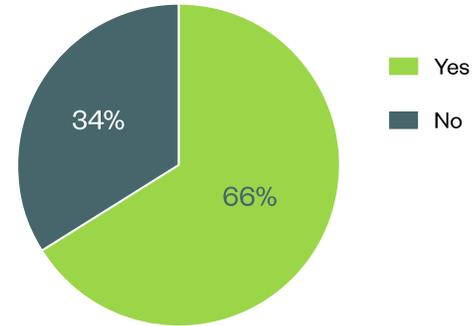
# Not-for-Profit Survey Series: Audit Committee

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## RISK-MANAGEMENT RESPONSIBILITIES

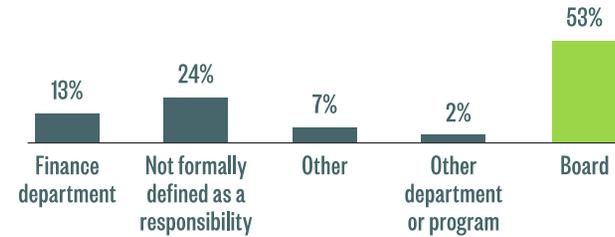
### ORGANIZATIONS WITH AN AUDIT COMMITTEE

More than half of respondents that reported having an audit committee shared that the committee oversees risk management for the organization.



### ORGANIZATIONS WITHOUT AN AUDIT COMMITTEE

For those respondents without an audit committee, more than half reported that their board oversees risk-management efforts.





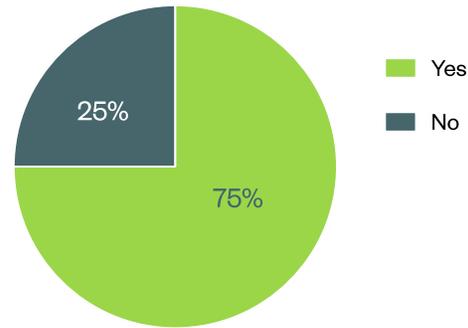
# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.

## WHISTLE-BLOWER AND FRAUD ALLEGATIONS

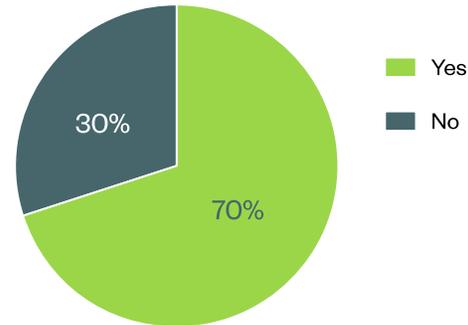
### REVIEWED BY AN AUDIT COMMITTEE

Approximately 75% of respondents with an audit committee reported that whistle-blower and fraud allegations are reviewed by the committee.



### RESOLVED BY AN AUDIT COMMITTEE

Slightly fewer of these respondents—approximately 70%—reported that allegations are resolved by the audit committee.



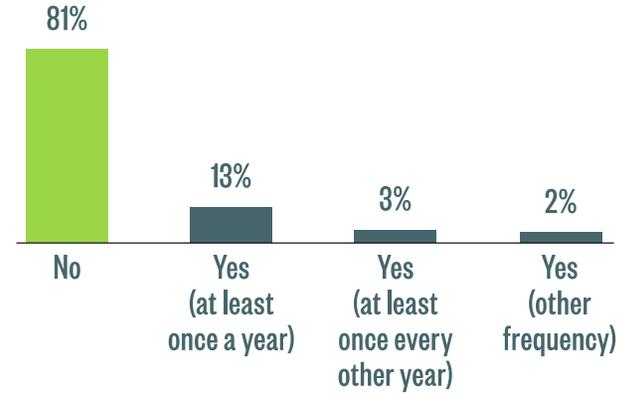


# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.

## FORMAL SELF-ASSESSMENT

More than 80% of respondents with an audit committee shared that their committee never conducts a formal self-assessment.





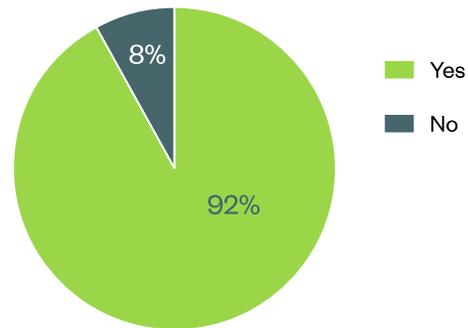
# Not-for-Profit Survey Series: Audit Committee

The fourth installment in this series includes insight from 181 organizations across the nation and focuses on their audit committees.

## OUTSIDE AUDITOR SELECTION

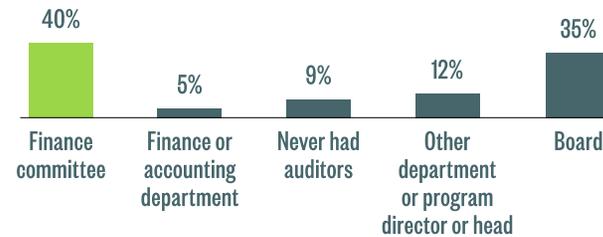
### ORGANIZATIONS WITH AN AUDIT COMMITTEE

Audit committees were largely reported as being in charge of selecting the organization's outside auditor.



### ORGANIZATIONS WITHOUT AN AUDIT COMMITTEE

The majority of respondents reported either the finance committee—about 40%—or the board—approximately 35%—as the entities tasked with overseeing outside auditors.





# Contact Us



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Assurance, tax, and consulting offered through Moss Adams LLP. Wealth management offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

THANK  
YOU

# Tab 4

## Audit Committee Meeting

March 23, 2018, 10:30 a.m.

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### Attending by Teleconference

Melissa Cribbins, Anne Root – *Audit Committee Chair*, Roger Hamilton, Mark Kendall

### Attending at Energy Trust offices

Mike Colgrove, Alison Ebbott, Pati Presnail, Whitney Winsor – *Energy Trust of Oregon*, Jennifer Price (Partner) and Ashley Osten (Senior Manager) – *Moss Adams*

## Report of Independent Auditors

Moss Adams completed the financial audit of Energy Trust of Oregon for the year ending on December 31, 2017. Jennifer Price and Ashley Osten presented their findings, a high-level overview of financial results and their standard communication with those charged with governance.

The audit went very well, materials were provided by staff promptly and the organization as a whole was cooperative. Internal controls such as segregation of duties are appropriately used. The auditors were complimentary of staff, mentioning that Energy Trust is a favorite client.

Once again, Energy Trust received an Unmodified Opinion; which is the best a company can receive.

The auditors found no areas for improvement this year.

### Discussion:

**High-level financial results:** Roger asked why administrative costs increased in 2017. Moss Adams, Pati and Mike responded that this increase was largely payroll-related, specifically for new hires and market adjustments. Anne asked about the increase in Incremental funding. Ashley and Pati explained that incremental funding is negotiated each year, and 2016 was lower in order to spend down reserves.

**Audit procedures:** Mark Kendall asked Ashley about sampling procedures followed. Ashley explained that they obtain confirmation of 60-70 percent of costs, but sending confirmation letters to Program Management Contractors. In addition, they randomly sample across all expense categories. Each year the auditors perform a 'surprise' sample, which this year was small dollar amount incentives.

**Survey Results:** Moss Adams included results from its nonprofit survey, which included over 400 nonprofit clients. The survey covered four categories: Endowments (which do not pertain to Energy Trust), Strategic Alliances, Risk Management Practices, and Audit Committee structures.

Anne asked about risk management practices and whether this is typically the responsibility of an audit committee. Moss Adams responded that this survey portion was done as a result of increased customer questions around risk policy and who oversees risk in organizations. This is a complicated area for many companies because there are almost no rules or definitions that can offer much guidance, especially when it comes to cybersecurity. The survey findings include a basic list of recommendations made by Moss Adams for organizations if a risk policy is not currently in place. Mike said Debbie Menashe is working to create organizational policy around this area, and can provide the board an update of this work. Anne thought it would be a good idea, especially given the amount of access outside users have to our website and systems.

Mark asked about the return rate on the survey. Moss Adams replied it falls between 20-30 percent, which for survey standards is pretty high.

Alison asked what type of nonprofit Energy Trust would be classified as in the survey. Moss Adams defines Energy Trust as “general.”

Regarding the Audit Committee structure, Mike asked how “financial expert” is defined by Moss Adams. Moss Adams replied that an expert is someone with professional financial or accounting experience. It is not necessary to be a licensed CPA to qualify as a financial expert, so long as the professional experience is significant.

**Next Steps**

Moss Adams said it is finished with the audit. The draft report presented today contained one incomplete footnote. After this meeting, Ashley will revise the footnote and send a final draft report via email. Jennifer and Ashley will bring a management representation letter for Mike and Pati to sign, and deliver their report to the full board of directors at the April 4, 2018, board meeting. A condensed summary of the presentation and the financial statements will be included in the April board packet.

Once the board of directors accepts the audit report in April, the report will be finalized and ready to be published.

Anne thanked both Moss Adams and the Finance team for their work.

**Meeting adjourned at 11:14 a.m.**

**There is no next meeting date scheduled at this time.**

# Tab 5

## Compensation Committee Meeting

March 22, 2018, 3:00 p.m.

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### Attending by Teleconference

Melissa Cribbins, Dan Enloe – *Compensation Committee Chair*, Roger Hamilton

### Attending at Energy Trust offices

Mark Kendall, Cheryle Easton, Debbie Menashe, Pati Presnail, Amanda Sales, Whitney Winsor – *Energy Trust of Oregon*; Ann Konrad – *The Principal Group*; Jeff Gates and Shelby Gatewood – *Cable Hill Partners*

## Review and Approval of January 10, 2018, Meeting Notes

The minutes of January 10, 2018, were reviewed and approved by the Committee as submitted.

## Presentation and Discussion of Transition to The Principal Group and Cable Hill Partners for Retirement Plan Third Party Administration Services

Debbie introduced Jeff Gates, Shelby Gatewood and Dan Litwora from Cable Hill Partners and The Principal. Jeff walked through the firms' respective roles and laid out the timeline for the transition between The Standard to The Principal. Additionally, the firms reviewed their research and recommendations for the 401k plan.

Shelby explained Cable Hill is a registered investment advisory company based in the Portland area. Dan outlined the planned transition, a process that began in March and is anticipated to conclude in early June. A 30-day blackout period is anticipated from May 24 through June 24, during this time funds will transfer from The Standard to The Principal, although it may be shorter. During the blackout period, employees will not be able to make changes to their account with The Standard. The Principal will give employees 30 days' notice of this period. Dan assured the committee the blackout period typically takes two weeks, but they give 30 days to be extra cautious. Before and after the blackout period, Cable Hill will offer four one-hour long sessions explaining the benefits and walking employees through the platform. In addition, individual sessions may also be scheduled.

Ann Konrad arrived, and was introduced as Energy Trust's ongoing relationship manager with The Principal. Cheryle outlined the communications plan for the next several months and said employees were vetted for this change. Mark asked if The Principal had experience with transferring portfolios of this size. Dan said The Principal averages one transition from The Standard to The Principal on a monthly basis.

Shelby walked through two different mapping options: Qualified Default Investment Alternative (QDIA) and Fund-to-Fund Mapping. QDIA starts all employees at the same portfolio that employees can later customize to their specifications. It offers employees a suitable start which they can choose to change. Shelby said most employees do not typically customize their portfolio from the default setting. Fund-to-Fund Mapping matches an employee's portfolio from The Standard to a similar one at The Principal. Cable Hill recommends that Energy Trust adopt a QDIA mapping option for the transition.

Shelby then discussed the two QDIA options: target date funds and retire view. Target date funds are a suite of funds that have the same investment manager and take into account an employee's age and years to retirement. Retire view is a unique option from The Principal, and is recommended by Cable Hill. It is similar to the target date funds in that it takes into account an employee's age and years to retirement, but the employee gets to choose the level of risk their investment profile takes on, ranging from conservative to aggressive. Debbie emphasized this Retire View option provided by The

Principal was a big differentiator between Cable Hill and The Principal and other RFQ respondents. Jeff explained that in its discussions earlier in the day, Management Team recommends moderate risk QDIA for the transition.

Shelby then explained in greater detail Cable Hill's approach to selecting a fund menu. The firm looks for a blend of both actively and passively managed funds, which provides options for employees.

Jeff then showed a side-by-side comparison of current investment funds at The Standard and the corresponding funds proposed in The Principal options. Jeff explained Cable Hill's scoring criteria, its monitoring of fund performance and its tracking of fund expenses.

Shelby discussed short-term fund options. Energy Trust's current plan offers a guaranteed return fund, the Standard Value Asset Fund, with a guaranteed the rate of return is approximately 2.25 percent currently. The Principal offers a similar fund, the Guaranteed Fixed Income Fund, with a guaranteed rate of 1.70 percent currently. It is important to current participants that Energy Trust maintain this fund, and MT discussed the topic and recommends providing a guaranteed option for employees going forward. Other options that are considered short-term fund options are money market funds, which are highly liquid and stable but have lower rates of return, or short-term bond funds, which have potential for higher returns and lower expenses but have interest rate risk in a rising rate environment. Dan Enloe flagged concern that people may be using a fixed income fund inappropriately because the rate of return is so low. Debbie agreed, and said education will be an important component of Cable Hill's onboarding plan over the next several months.

In summary, Cable Hill partners recommend that every participant be mapped into a QDIA fund, with the Retire View option. Additionally, they recommend to proceed with the proposed fund lineup. With the QDIA at the transition, all employees will be mapped into an appropriate investment option, but will be permitted to, and provided information about how to, customize their own portfolios. Debbie said the same presentation was delivered in the Management Team meeting earlier in the day. She said the Management Team agreed with these recommendations, with the expectation of communication and education in advance of the upcoming blackout period.

Dan asked for motions. Mark moved the motion, Melissa seconded the motion. There were three votes in favor of the motion, no one abstained, and no one was against the motion. Roger did not vote as ex officio, but supports the recommendation.

Dan recommended communicating the lower expense ratio, and other favorable features, to employees when the new plan is rolled out this spring. Cheryle said a communication committee is in place to draft communications to employees. Additionally, Cheryle will send out a demo link for the committee to walk through.

## **Brief Update on 2017 Performance Review Process**

Amanda gave an overview of the performance management process from this year. Her presentation will be broken into two parts – this section is just a brief overview, but the next meeting will go more deeply into the development of a compensation philosophy.

Market adjustments were made to staff salaries over the last two years, but none were done this year due to a smaller budget. HR will conduct a market analysis either this year or next to make sure adjustments are done again in the near future. Amanda said Energy Trust is continuing to look at the pay equity law, and are currently undertaking detailed analysis to ensure our pay structure is equitable and compliant.

Amanda described Energy Trust's budget and awards for merit, promotions and pay equity adjustments for 2018, which were less as compared to 2017.

Amanda said the presentation will go deeper next month on the 2017 performance management process and a review of the compensation philosophy and pay equity projects.

**Meeting adjourned at 4:22 p.m.**

**Next meeting date is April 26, 2018, at 3:00 p.m.**

# Tab 6

# Evaluation Committee Meeting

November 14, 2017, 12:00 pm

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## Attending by teleconference

Warren Cook, Ken Dragoon (Flink Energy Consulting), Lindsey Hardy, Ken Keating

## Attending at Energy Trust offices

Alan Meyer – *Evaluation Committee Chair*, Mike Bailey, Shelly Carlton, Sarah Castor, Mike Colgrove, Phil Degens, Andy Eiden, Sue Fletcher, Fred Gordon, Jackie Goss, Andy Griguhn, Ray Hawksley, Andy Hudson, Susan Jowaiszas, Erika Kociolek, Steve Lacey, Spencer Moersfelder, Dulane Moran, Dan Rubado, Peter Schaffer, Kenji Spielman, Hannah Stretch (Portland State University), Peter West, Jamie Woods

## Industrial Cannabis Qualitative Market Research

Presented by Susan Jowaiszas

Background: Energy Trust's Production Efficiency program serves licensed cannabis growers. This is a new and different market; Energy Trust needed to learn more around this market, which represents a huge opportunity for energy savings. The goal of this research was to learn more about these customers, including how they think about energy and energy efficiency, and what they know about Energy Trust.

Developing the sample was a challenge. Energy Trust used Oregon Liquor Control Commission (OLCC) information that is available online and did internet searches to find contract information for growers. Once the organization reached people on the phone, they were eager to talk with us, and we felt that we got a lot of insight from the folks that we interviewed as part of this research. We completed phone interviews with 14 participants and 11 non-participants, and the interviewed growers represented a good mix of geographies, and the types of lighting that they are using. The findings are qualitative, and not representative of the population of growers, but Energy Trust feels confident that we gained good insight into this market.

Findings: One of the areas of interest was grower experience with, knowledge of, and attitudes about Energy Trust. We wanted to understand the baseline level of experience, knowledge and attitudes. Overall, growers had positive attitudes about Energy Trust in general; they were excited to know about a firm that was knowledgeable about lighting. There was some confusion about offerings for non-lighting equipment, which will be discussed in more detail later. There seemed to be two types of growers: an entrepreneurial type that had other businesses and had worked with Energy Trust previously, and a type that had been a cannabis grower for a long time.

We found that we think about the lighting tool differently than growers do. Energy Trust sees it as a technical service, whereas growers do not (it's a form to them). We also found that growers are interested in learning and in getting information from a number of sources, especially manufacturers.

Alan asked if a grower has to be licensed before Energy Trust can serve a grower. Susan responded that yes, growers have to be licensed before we can pay incentives. We have been doing outreach to make sure that growers have information available about energy efficient choices when they are building out their facilities. For example, OLCC provides growers with

information about Energy Trust in its business readiness guide, and this has been a source of a number of leads.

As noted earlier, there appears to be some confusion about what lighting technologies Energy Trust incentivizes. Some growers thought that we only provide incentives for LEDs, but we actually provide incentives for other lighting technologies if the energy savings pencil out. There also appears to be some confusion about non-lighting offerings. HVAC and other non-lighting technologies as they apply to growers is an area the program is actively exploring, while making sure to focus on lighting, since it is a big opportunity (up to 70 percent of a grow facility's load) and one of the first things growers think about.

We learned that unlike other markets, lighting manufacturers, as opposed to distributors and trade allies, are the key touchpoint for growers. Interviewees said they found it difficult to find the right people to connect with, and they were wary of claims being made by manufacturers and of prices offered by manufacturers and contractors. Interviewed growers described angst around equipment decision-making. Technology is changing rapidly, there is a dearth of standards, and they are trying to get their products out into the market. In this environment, growers noted that they found it challenging to settle on what to do. Growers said that they do a lot of research, and some expressed interest in having Energy Trust-endorsed technologies, given growers' uncertainty about what products to use.

Energy and energy efficiency is a big topic for growers. Many of them reported relying extensively on internet searches to build out their facilities. When asked how much energy they use, their answers varied dramatically, which suggested that they aren't paying too much attention, but instead are focused on their products and on the yield of their products. When asked how much of their costs are related to energy, responses ranged from 4-5 percent to 50 percent. Again, Energy Trust interpreted this as evidence that growers are moving fast and are not closely tracking their energy use; they are focused on their products.

Interestingly, half of the interviewees said that being energy-efficient is an integral part of their mission. They saw it as something that sets them apart from other growers.

Growers see decisions about equipment as critical but hard, and the question of whether or not to use LEDs is something many of them are thinking about or have thought about in depth. "Old school" growers use high-pressure sodium lamps, but growers see a lot of compelling reasons to go with LEDs. Features of LEDs that were of particular interest to growers included lower energy costs and ability to more quickly build out their facilities. A few growers mentioned that they didn't have adequate electric service to build out their facility, but if they went in with LEDs, they could build out and start growing. Growers also noted that some portions of the growing cycle may be better-suited to LEDs – this is something they felt even "old school" growers could get behind.

When we asked about how best to reach cannabis growers, one interesting finding was that they seemed to be wary of giving referrals and information to other growers. In addition, the most compelling channel for them was industry trade shows. There is a large event in January (the Cannabis Collaborative Conference), at which Energy Trust has a presence. OLCC received good reviews for its work to license growers. Interviewees said OLCC did a good job ramping up quickly. Energy Trust has received several leads from OLCC, because growers do not see OLCC as a resource for energy or business practices. They are compliance people. Energy Trust can make information available through OLCC channels, which is helpful.

Energy Trust is using this research to finalize the organization's go-to-market plan for 2018. We are learning how to work with this market, are looking for program enhancements to make it easier for this emerging market to participate, and are looking for new channels to reach growers and help them understand how energy fits into their business. We are sharing the findings of this research with our PDCs, and will be sharing with the utilities, who have an interest in learning more about these customers.

Energy Trust will continue to do outreach with this market and engage with market actors, such as the Resource Innovation Institute. We are reaching out to customers in three categories: indoor (no natural light), greenhouse and outdoor. We are just starting work to understand energy saving opportunities for other parts of the production process beyond growing.

We will continue to lead with lighting and investigate HVAC and other systems, expand our knowledge of this market, further engage the trade allies, and bring more specialized equipment into our network to support these customers. In terms of program marketing, we will continue to sponsor and attend events, and will build out our website, including an intake form to help customers connect with our programs. We will also be expanding collateral to support outreach. Since this market research revealed that these customers do a lot of online research, we have redirected funds from print to online digital advertising.

Alan asked if any manufacturer or group has been looking into quantifying the effect of efficient lighting on the quantity and quality of plants, so that growers' fears may be allayed (or not). Susan responded that manufacturers are working to make their case. In addition, Energy Trust's lighting team is learning more about how various types of lights work and their impact on yield and on the different growing stages. There is no one entity that is figuring all of this out, and there are no industry standards. Alan suggested that collecting this research as it becomes available would be useful. Kenji noted that the Design Lights Consortium (DLC) is working on a specification, but we don't know what it will look like. Mike B. commented that a number of entities, such as Bonneville Power Administration and universities receiving federal funding cannot work on cannabis. Canadian utilities have done some work, as have non-governmental entities. Colorado legalized cannabis about two years prior to Oregon, but they have a very low penetration of LEDs, and LEDs for grow applications were not as mature at the time of legalization, so very few were installed. Oregon and Washington have been looking to Colorado, but for the reasons mentioned previously, the situation in Colorado is very different from the situation in Oregon and Washington, where there are a lot more LEDs. The lack of standards and the lack of a baseline makes it challenging from a measure development perspective.

Mike B. also commented that older, inefficient lamps output heat; in some parts of the growing stages, this is desirable. LEDs are cooler, and for certain growing stages, this may not be a good thing. There is also controversy about which spectrums of light are appropriate for different growing stages. We do not have good information about the baseline equipment; that is, what they would have done without the program.

Fred commented that we've seen some growers moving to greenhouses, either as part of an expansion or a wholesale move of their grow operations, and asked if that came up in this research. Susan responded that several interviewees noted that they were moving from indoor facilities to greenhouses. Peter commented that there are many considerations in the decision to move to a different facility, including security, cost, availability of land and the specific varieties of cannabis that are being grown.

Mike B. noted that the report made reference to growers utilizing shipping containers. Susan responded that currently, the program considers these to be temporary structures, and will only provide incentives for permanent structures. However, the program has discussed taking another look at this policy, as other Energy Trust programs have provided incentives for food carts with long-term leases. Peter commented that the program will be taking another look at this policy, because it seems that the practice of growing in shipping containers has become more widely accepted in the industry.

Alan commented that it seems like the right time to do a study focused on learning about growers' needs and how we can better work with these customers. However, the market is growing quickly, and not all businesses will succeed. Energy Trust doesn't want to invest too many dollars in too many businesses that could quickly disappear.

Warren commented that OLCC requires each grower to provide, at the point of licensure, an estimate of their energy use. Many growers have used ODOE's calculator, which allows them to select different combination of equipment, and has them describe their systems and size of their operation, and assists growers in making an estimate of energy use and costs before licensure. Some were scared off when they did these calculations, and some weren't (they didn't think energy would be a large percentage of their operating costs). On the anniversary of licensure, growers are required to provide to OLCC their actual energy consumption. We will be in a unique position; we'll have an initial estimate of energy consumption and equipment, as well as production, which we can put together to look at the energy intensity of production. We rarely have the opportunity to look at this, but it is key to figuring out the baseline.

Alan asked if Ken was aware of any work in California on baselines. Mike B. commented that the region has hoped that California would drive benchmarking work. This is likely coming from PG&E and other California utilities. Again, NEEA and the RTF cannot work on this because of BPA funding. Phil commented that there has been related research by other governments and other entities. For example, there's been some research by LED manufacturers focused on tunable lighting for grow operations broadly, including cannabis but also including other crops, such as salad greens and tomatoes.

Spencer asked how many grow facilities there are in the state. Susan responded that she didn't know the exact number off the top of her head, but it was in the hundreds.

## **Operations & Maintenance Persistence Study**

Presented by Phil Degens

Background: This operations and maintenance (O&M) study was originally envisioned as a large project, and became smaller once Energy Trust started the project. DNV GL was the contractor that worked on this study. The goals of the study were to obtain common definitions of different types of O&M actions, determine the prevalence of those actions and obtain estimates of the lifetime of specific actions. Currently, the program is using three years as the lifetime for O&M measures. We wanted to know if that was right, and if not, what we should be using instead.

Using program data, DNV GL identified 68 O&M measures in a wide variety of end uses (e.g., HVAC, compressed air, wastewater treatment). Note that the study was focused on the industrial sector, but some of the end uses may also be applicable to commercial.

When DNV GL did a literature review, it found that there is not much published literature on O&M measure persistence. That is, there haven't been many studies that have been done that look at measure persistence over a period of multiple years.

Given this, DNV GL developed three categories of persistence, which it discussed with the industrial team: low persistence, medium persistence and high persistence. It then classified O&M measures into these three categories. Phil commented that for some projects, Energy Trust uses a five-year measure life because we work with the customer for the first two years, and assume a three-year measure life after those first two years. DNV GL found that 60 percent of measures fell into the "high persistence" category.

Recommendations: DNV GL recommended that Energy Trust does research on existing measures with high savings and research additional measures. They also recommended that Energy Trust collect additional data to confirm or update research. Phil noted that we are planning to collect such data in the future, possibly by calling customers that did O&M measures on an annual basis, and asking a short series of questions about whether or not the measure is still in place.

Finally, DNV GL recommended that programs address risks to persistence by encouraging the codification of controls strategies and maintenance practices in standard operating procedures and observed work practices, or by making it difficult to make changes (e.g., installing locks, ensuring that only certain people within the organization have authority to make changes or using hard-wired solutions).

Energy Trust Take: One takeaway from the results from this study is that it is useful to periodically update and review O&M measures. As noted previously, we plan to do additional research into the persistence of O&M measures. We also plan to develop, test and promote standardized standard operating procedures that could be provided to customers as a starting point. These don't need to be lengthy manuals; they could be laminated sheets of paper placed on or near equipment.

Alan commented that the categorization developed in the report seemed to be fairly arbitrary, and that limited what he was able to get out of the study. Phil responded that originally we thought that there was a fair bit of research that had been done, and the study would help us to understand existing research. We found that not much research has been done to date, so instead, the focus was on documenting the small amount of research that has been done, reviewing and categorizing existing O&M measures and thinking about what impacts measure persistence.

Jamie asked if these O&M measures were all behavioral. Phil responded that some are and some are not. Jamie commented that what's complicated about measuring persistence is that measure failures are not uniform over time. At the time a company is surveyed, they may say they aren't doing something, but then they may pick it up again in the future.

Dulane commented that she is not surprised at the lack of organized information and asked if NEEA's SEM Collaborative or other organizations promoting SEM could work together to collect data on O&M measures. Phil responded that coordination is good, but it can be difficult, as everyone has their own timelines and interests, making coordination challenging. Phil noted that the opportunity registers that customers develop as part of SEM, which list the energy-saving activities customers have done or could do, are slowly being gathered and categorized. In the

future, we can use the information in these opportunity registers to follow-up with customers after their SEM engagement is over to understand what activities are persisting.

Phil noted that one of the reasons why little research has been done is that in the past, programs did not provide incentives for O&M measures. The thinking was that O&M would be difficult to measure. In California in particular, people have insisted that there are no savings from O&M. We believe there are savings, and that these measures become part of the standard operating procedures of the facility, turning into measures that persist, and that possibly comprise market transformation. Fred commented that California has greater resources for evaluations, so as they warm to O&M measures, we may see relevant studies from California.

Alan noted that it sounds like the three-year measure life used for O&M is reasonable and maybe on the low side, but the study didn't contain much in the way of evidence. Phil commented that we asked the contractor to be conservative, and noted that we are slowly moving towards a concrete answer regarding measure life.

## **System-Wide Savings from Load Shaping Study**

Presented by Kenji Spielman

Background: This project was focused on probing the relationship between demand management and energy efficiency. Alan commented that he wasn't clear on the role Energy Trust played in the study, and how the data used in the study were gathered. Kenji noted that Energy Trust worked with Ken Dragoon of Flink Energy Consulting on the study. Mike B. clarified that the study did not involve data collection; it was focused on modeling. Fred commented that the study was intended to help Energy Trust understand the way demand management and energy efficiency interact, and if certain types of demand management activities results in more or less energy use on the grid. If we were to coordinate with the utilities on demand management, we want to know if their activities result in energy savings or not.

The impetus for the study is the Northwest Power and Conservation Council's increased attention on demand response. The Northwest lags behind the country in demand response programs because in the past, we haven't needed it; the hydropower system creates cheap power. However, this is changing.

We have seen a lot of interest from the utilities in demand response. Energy storage and thermal storage are pieces of demand response that intersect more strongly with Energy Trust's programs. The goal of this work was not, "let's figure out how to do this," but rather, "let's understand what the interactions are, and what do we need to know." In addition, we wanted to look at heat pump water heaters in particular, since they are a big part of current programs, whereas demand response with water heaters has been more focused to date on the more traditional electric resistance water heaters.

Energy Trust has had discussions with PGE about this study to make sure we understand the approach they are taking to demand response, and to get insight into how they view the interactions at play.

Other research has been done that fed into this study, including a technology innovation project completed by BPA that tested water heater storage technologies in the field and examined standards for communicating with water heaters and other appliances (i.e., what are the communication standards needed and are there ways to build devices to talk to appliances).

NEEA has also been looking at specifying demand response capabilities for water heaters as part of its advanced tiers for heat pump water heaters.

Study Goals: As noted previously, the goal of the study was to understand if, when using a water heat as an energy storage device, there is potential for greater standby losses (instead of using a battery to store electricity, you can store it as hot water – in the aggregate, it looks like a battery to the grid). Energy Trust hoped to understand what we need to know and think about relative to this topic, and identify areas to research in the future. Also, as noted previously, much of the work on demand response for water heaters is focused on electric resistance water heaters; we wanted to study heat pump water heaters more closely as they often aren't examined.

Study Limitations: This study did not gather data. Instead it utilized models that made large generalizations and assumptions about transmission and distribution and standby losses.

Findings: Storing energy in water heaters may help reduce energy consumption in peak periods determined by pricing or transmission/capacity constraint reasons. This study looked at three general control strategies:

- no increase in tank temperature (120°F);
- increasing the tank temperature to 130°F to move more energy out of peak periods; and
- increasing the tank temperature to 160°F (which would require a tempering valve to prevent scalding) to move even more energy out of peak periods.

We received data from PGE about when its peak periods occur in the summer and in the winter. For each of these three control strategies, we looked at site standby losses, as well as transmission and distribution losses. The table below shows losses for each of these three control strategies for electric resistance water heaters.

#### Electric resistance water heater annual energy effects (per water heater)

	Control Strategies		
	120F (1 kWh/day)	130F (2 kWh/day)	160F (~6.6 kWh)
<sup>1</sup> Resistive Heater Standby Losses (kWh)	0	21 - 100	126 - 613
<sup>2</sup> Control Equipment (kWh)	25 - 35	25 - 35	25 - 35
<sup>3</sup> T&D System Losses (kWh reductions)	(10 - 19)	(19 - 37)	(65 - 120)
<sup>4</sup> Net Change in Energy Delivery Requirement (50 gal / 80 gal)	(6) - 25	9 - 116	31 - 583

<sup>1</sup>Represents water heaters with EFs ranging from 0.95 to 0.85.

<sup>2</sup>Consumption estimate based on the 3 watt reported consumption of the Vaughn Thermal Energy Systems water heater controller.

<sup>3</sup>Represents T&D system average losses ranging from 7% to 11%.

<sup>4</sup>Net Energy Delivery Requirement refers to the net of at-site increased consumption and reduced transmission and distribution system losses.

There are a broad range of losses at 160°F, and this is due to variability in tank insulation. Standby losses are quite large, and transmission and distribution losses seem to be on the same order of magnitude as standby losses. This broad brush indicates that standby losses look to be slightly larger.

The table below shows losses for each of these three control strategies for heat pump water heaters. Standby losses go up quite a bit; this is because the efficiency of heat pump water heaters goes down as the tank temperature increases. If the tank temperature increases, transmission and distribution losses are lower, because it takes less energy to heat up the water in the tank.

#### Heat pump water heater annual energy effects (per water heater)

Effect:	Control Strategies		
	120F (0.4 kWh/day)	130F (0.9 kWh/day)	160F (~4.1 kWh/day)
<b>Incremental Consumption (50 gal / 80 gal)</b>	0	119 / 145	1,063 / 1,319
<b><sup>1</sup>T&amp;D System Losses (kWh reductions)</b>	(4-8)	(8-16)	(26-53)
<b><sup>2</sup>Net Change in Energy Delivery Requirement (50 gal / 80 gal)</b>	(4-8)	111-103 / 137-129	1,037-1,010 / 1,293-1,266

<sup>1</sup>Represents T&D system average losses ranging from 7% to 11%.

<sup>2</sup>Net Energy Delivery Requirement refers to the net of at-site increased consumption and reduced transmission and distribution system losses.

The study found that transmission and distribution savings were estimated to be roughly the same magnitude of incremental energy use of water heaters and standby losses for the two lower-temperature control strategies. Incremental tank losses appeared to largely exceed transmission and distribution savings for the high-temperature control strategy using less-efficient water heaters. Also, heat pump water heaters' low overall energy use means that their load shifting potential is less than electric resistance water heaters.

As noted previously, the study was missing some elements, such as not looking at losses at night, when the lines are at lower temperatures and not looking at the change in standby losses as tank temperature drops. Given this, the analysis may overstate some of the losses.

Alan asked what we will do with the results of this study. Fred responded that we originally did the study because we were interested in understanding if there was extra value that could be factored into the total resource cost test for heat pump water heaters. This study shows that if the tank temperature is raised slightly, savings and losses are in the same range. Given this, it is not worth additional analysis. Another reason we did the study is because PGE is looking at load control using heat pump water heaters, and we wanted to understand the interplay between efficiency and load control. Kenji commented that the study shows if demand response is done poorly, there can be more losses. Fred added that we and the utilities are getting energy and load control out of the same equipment. It is useful to make sure that the way utilities are running their programs doesn't reverse energy savings.

Mike B. commented that the study also confirms our assumption that raising the tank temperature to 160°F is not a good idea from an energy efficiency perspective due to the heat losses. In addition, there are practical issues such as the need for a tempering valve.

## **Review of Upcoming Evaluations**

Presented by Phil Degens

Phil presented a table containing information about upcoming evaluations. Alan commented that he would like some time to review and would then like to discuss at an upcoming meeting.

**Meeting adjourned at 3:00 p.m.**

**Next meeting date was scheduled for December 8, 2017, at 12:00 p.m. It later was rescheduled for a future date, to be determined.**

# Tab 7

## Policy Committee Meeting

March 5, 2018, 3:30 p.m.

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### Attending by teleconference

Roger Hamilton, Alan Meyer – *Policy Committee Chair*, Elaine Prause (OPUC), John Reynolds, Mike Colgrove

### Attending at Energy Trust offices

Amber Cole, Steve Lacey, Debbie Menashe, Pati Presnail

## Board meeting presentation previews

### Strategic Planning Development Presentation by Holly Valkama of 1961 Consulting

Staff proposed bringing Holly Valkama from 1961 Consulting to do a presentation to the board around strategic planning. The Strategic Planning Committee supports this idea. The presentation outlines best approaches to strategic planning to help the board think about how it might best kick off development of the 2020-2024 strategic plan. Holly would conduct a 1-2 hour session before the board meeting in April. Management Team members wanted to run it by this committee to see if there are any objections.

Alan Meyer asked for clarity on the purpose of the training. Debbie said that Holly would lay out best approaches to setting goals in strategic planning and outline the board's role. Mike noted that staff would want to talk to the strategic planning committee and set ground rules and parameters as part of the retreat.

Elaine commented that it sounded good to have Holly bring an external perspective to strategic planning generally. She mentioned a book called *Good Strategy/Bad Strategy* as being a good resource on strategic planning for staff and board. Mike agreed and will look into providing copies of the book for committee members and staff.

There was consensus to go ahead with training.

## Policies for Review

Debbie explained the process for reviewing policies. For the two policies that are up for their regular three-year review, the Other Renewables Policy and the Oregon Preference Policy, staff recommends no revisions at this time.

Alan expressed concern with the name "Other Renewables" and asked staff to identify a better name for this part of the Renewables program. Mike replied that the Renewables team is already aware of this issue and is working on some names. When ready, the team will present to the Renewable Advisory Council (RAC).

Committee members discussed whether to approve the Other Renewables Policy when a name change is pending. Debbie confirmed that the best approach is to complete the review of the policy at this time and then come back out of cycle with the name change. Upon a recommended name change, the policy would be revised and then presented to the full board for approval. All committee members approved the renewal of The Other Renewables Policy and the Oregon Preference Policy without change.

## Evaluating Opportunities and Using Reserve Funds Discussion

At the committee's meeting in January, committee members asked that staff return with more information regarding proposals for criteria for evaluating new opportunities and for the use of reserve funds. Specifically, the committee asked staff to propose specific criteria and a process for evaluating new opportunities. The committee also asked for more specific information on categories of reserve funds and more detail on reallocation of reserve fund allocation. Staff provided updated and additional materials in response to this request at this meeting.

Staff first presented its more detailed proposal for use and allocation of Energy Trust's reserves funds. Energy Trust's Contingency Reserves account consists of two separate pools of funds (the "Contingency Reserves"): an emergency contingency pool and an organization contingency pool. It has been Energy Trust's objective to maintain the Contingency Reserves at or around \$8M with \$5M being assigned to the emergency contingency pool and a target of \$3M for the organization contingency pool.

It is also Energy Trust's practice to maintain utility-specific program reserve accounts established annually to provide additional funding in the event of unforeseen program activity in a utility's service territory (the "Program Reserves"). These Program Reserves, along with the organization contingency pool as a back-up, minimize the potential need to adjust rates mid-budget cycle in the event of unanticipated participation or opportunity within our programs or weather-related revenue impacts.

Historically Energy Trust has assigned all interest earnings from its investments to the Contingency Reserves, which has resulted, over time, in the Contingency Reserves exceeding the targeted \$8M. Since the emergency contingency pool is maintained at \$5M, these excess funds comprise the organization contingency pool.

By the end of 2018, Energy Trust is projected to have approximately \$4.9M in the organization contingency pool. Of these funds, \$38,710 is unrestricted, non-PPC funds raised by Energy Trust, and \$800,000 is contracted to Craft3 as a revolving loan fund for an On-Bill Repayment program leaving an excess of \$1,063,100 over the targeted \$3M. Staff proposed the following reallocation of those excess funds:

- (1) Allocate \$1M to a set-aside revolving loan fund program to expand the existing Manufactured Homes Replacement Pilot and leverage additional support for such a program. We believe this use of the funds meets the following criteria:
  - Falls within Energy Trust's purpose statement;
  - Complements Energy Trust's obligations under the OPUC Grant Agreement;
  - Can be pursued under existing Energy Trust policies with only minimal modifications to systems;
  - Benefits a significant number of the ratepayers of the six utilities, or a subset thereof, served by Energy Trust's public purpose charge programs; and
  - Utilizes Energy Trust's current knowledge and expertise.
- (2) This would leave approximately \$63,000 remaining that we propose reallocating to the program reserve accounts using the simple average methodology indicated in the spreadsheet.
- (3) In the future, assign the portion of the interest earnings related to the Program Reserves to the respective utility-specific reserves and consider those earnings in the annual budget process when determining the funding needed to replenish or maintain the Program Reserves.

- (4) The remaining balance of \$3M in the organization contingency pool would be used in accordance with 5.05.010-P Using Reserve Accounts Policy as modified, if applicable, following a series of engagements with the utilities and the OPUC to reassess the guidance currently indicated in the policy. Such reassessment may determine that further restrictions, parameters or direction should be included in the language of the policy. Engagement with the utilities and the OPUC on this language is expected to occur in March and April 2018 as part of a series of strategic coordination meetings with the utilities and as part of an upcoming, regularly scheduled coordination meeting with the OPUC. This engagement is an effort to address the concerns raised by the electric utilities in their comments to Energy Trust's 2018-2019 Annual Budget and 2018 Action Plans.
- (5) The organization contingency pool will continue to be replenished by interest earnings on all investments other than those related to the Program Reserve funding (see #3 above). Should the organization contingency pool again exceed the \$3M target, the use of those excess funds will be considered through a similar process.

The committee discussed staff's revised proposal and indicated support for taking the proposal forward for discussions with the utilities.

Roger had questions about Craft3 loans. Mike explained that those are the on-bill repayment loan payments, a revolving fund payment for our Savings Within Reach program. Elaine said that adding a million dollars to this program would be useful in the manufactured home market, and she expressed support for the choice.

Mike noted that the next step is to discuss this with the utilities and make sure they don't have any concerns. Then he'll bring results from those conversations back to this committee and make a resolution to take to the board for the Manufactured Home Loan program.

Committee members asked for additional information on the Manufactured Home Replacement pilot and felt it would be worthwhile to educate all board members on this pilot program. Mike clarified that this is a replacement program where new ENERGY STAR 2.0 replacement homes replace existing manufactured homes, and acknowledged the need for further education for the board.

The committee then discussed staff's revised proposal for evaluating opportunities for funding beyond the public purpose charge. The proposal sets out criteria for evaluating an opportunity and a stage-gate approval process:

**Criteria:** Each new funding opportunity must comply with each of the following criteria:

***Funding Amount***

- Less than or equal to \$50,000: if the funding opportunity is less than or equal to \$50,000 and complies with all of the remaining criteria, it does not need to follow the stage-gate approval process outlined in this protocol.
- Greater than \$50,000: the funding opportunity must comply with the remaining criteria and follow the stage-gate approval process outlined in this protocol.

***Focus***

- Falls within Energy Trust's purpose statement.
- Does not detract from Energy Trust's ability to meet its obligations under the OPUC Grant Agreement.
- Can be pursued under existing Energy Trust policies with only minimal modifications to systems.

**Customers**

- Benefits a significant number of the ratepayers of the six utilities, or a subset thereof, served by Energy Trust's public purpose charge programs.

**Strengths and Value Propositions**

- Utilizes Energy Trust's current knowledge and expertise.

**Stage-gate Approval Process:** All new funding opportunities will follow a stage-gate approval process.

**Stage 1: Awareness or Ideation**

When a new funding opportunity presents itself, complete the form in Appendix A and submit to the Director of Operations. The Director of Operations will present the information to the Management Team who must consent to the opportunity. Pending Management Team consensus, the Policy Committee will be notified. If the opportunity is less than \$50,000, the opportunity may be pursued.

**Stage 2: Intention**

Before any funding can be expended in the pursuit of the opportunity, complete the form in Appendix B using the best available data and prepare a board resolution seeking permission to expend the projected budget from the Organizational Contingency fund. Submit the documents to the Director of Operations for consideration and approval by the Management Team. Once approved, present to the Policy Committee for consensus. If the Policy Committee determines there is more information needed before consensus can be reached, continue researching the opportunity and updating the Appendix B until the Policy Committee reaches consensus.

**Stage 3: Execution**

If the Policy Committee has reached consensus, submit the Appendix B and board resolution to the Executive Assistant for inclusion in the next board agenda and action.

Committee members expressed overall interest in the proposal and that that this documentation is a good start. The committee requested some follow-up, and requested description of a few more parameters about how the framework is set up. Committee would like staff to think of different possible scenarios to test the proposal. What if, for example, several of these opportunities came up at the same time? Others expressed concern that pursuing these opportunities would take time away from PPC work.

Alan expressed concern about how we go after extra funds when we'd have to use Energy Trust person hours to get them and we can't use PPC money. There was confusion about the \$50K threshold being what Energy Trust would be expected to receive versus the amount of money that would be spent to go after the opportunities. Committee members suggest that the proposal be clarified on this issue and suggested using the terminology "revenue opportunity" rather than "funding opportunity." Committee members also suggested that the proposal add language to make clear that the PPC funds cannot be used to pursue these opportunities unless they align with our mission, and board and OPUC agree that we can use the money. Also, the policy needs to be written in such a way to clarify that the board has to approve the use of non-PPC money.

Next steps: Mike will make revisions and get them out to the committee members in advance of the next meeting on May 10. The agenda for that meeting will include time to continue the discussion, but committee members can provide feedback in advance of meeting and send comments to Mike. Mike will compile comments and share out to members before next meeting.

## **Update on Diversity, Equity and Inclusion (DEI) Operations Plan and Activities**

Debbie explained that the DEI team received feedback on the DEI Operations Plan since the Policy Committee last saw it in November. Based on feedback, the DEI Operations Plan has been revised to reorder the goals and to make clear that all activities are in support of increasing participation in our energy efficiency and renewable energy programs. Debbie noted that the next steps are to get a revised draft and back to the Policy Committee. All feedback back will come back to the Policy Committee in May.

Debbie noted that there is now a new DEI internal staff committee, and they are working to assign roles and responsibilities for implementation of the DEI Operations Plan. Initial work is underway by an internal staff team that is reviewing data to establish baselines for program goals and identifying ways to measure progress toward goals.

The committee discussed the establishment of a Diversity Advisory Committee (DAC) and the merits of starting a separate committee rather than integrating diversity advisory functions into existing structures like RAC and CAC. Mike noted that we completed a lot of research on best practices and a separate advisory council emerges as the best tool to maximize success in this area. Staff is proceeding to examine the best next steps, including engaging MultiCultural Collaborative to pilot a DEI advisory group to review the current draft DEI Operations Plan. This pilot will guide Energy Trust's next steps for setting up a DAC.

**Meeting adjourned at 5:04 p.m.**

**Next meeting date is Thursday, May 10, 2018, at 3:30 p.m.**

# Tab 8

# Strategic Planning Committee Meeting

March 1, 2018, 3:00 p.m.

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## Attending by teleconference

Mark Kendall - *Strategic Planning Committee Chair*, Janine Benner, Susan Brodahl, Roger Hamilton, Lindsey Hardy, Elaine Prause, John Reynolds, Lizzie Rubado

## Attending at Energy Trust offices

Scott Clark, Amber Cole, Mike Colgrove, Sue Fletcher, Jeni Hall, Jessica Iplikci, Betsy Kauffman, Erika Kociolek, Dave McClelland, Debbie Menashe, Spencer Moersfelder, Julianne Thacher, John Volkman, Jay Ward

## Review and Discussion of Initial Draft Board Strategic Planning Workshop Agenda

Debbie presented the draft agenda for the May Strategic Planning Workshop. Staff allocated one hour for the SP dashboard presentation, and asked for committee input on the length of the presentation. The committee discussed time allocated to agenda items and order of topics. Board members suggested additional topics and discussion items, such as adding a discussion of how the board defines success for Energy Trust.

Mike described the order that board learning topics will be discussed at the workshop, and described content for the long-term energy efficiency presentation. Mike explained the organizational review scenarios agenda item in the afternoon. Staff will present on three possible scenarios and will seek board guidance on which scenario Energy Trust should pursue. Committee members and Elaine provided guidance on how scenarios should be characterized. Elaine suggested Jason Eisdorfer be informed of the organizational review scenarios that Energy Trust is developing for the May workshop.

## Review and Discussion of Proposal for Strategic Plan Development Presentation by Holly Valkama of 1961 Consulting

Management Team has been working with Holly Valkama on business planning and strategic planning. Mike offered that Holly could make a presentation on strategic planning at the April 4 board meeting, including approaches used by different organizations, the role of the board and the role of Management Team. The committee agreed this presentation will be valuable to board members as we prepare for the May Strategic Planning Workshop. Mike will adjust the start time of the April 4 board meeting to add this presentation.

## Preview of Board Learning Topics for April 4 Board Meeting

Mike presented the schedule of board learning topics, explaining the dates on which outlines of the topics will be presented to the Strategic Planning Committee and then presented to the full board. Papers will be emailed to board members in advance of the meetings at which they will be presented.

As a reminder, Mike explained that the learning topics paper are intended to provide all board members with some basic information about topics under discussion in the current energy and utility environment to help inform the board in strategic planning discussions.

**Solar Plus Storage:** Betsy Kaufman, Jeni Hall and Dave McClelland previewed the board learning paper on solar plus storage and asked for feedback. Janine intended to share the paper with some Oregon Department of Energy staff to solicit feedback, and she requested the presentation focus on opportunities for Energy Trust. Mark suggested adding information about regional or national standards. Elaine appreciated the information about what Energy Trust is seeing with its customers, and suggested adding more information about Energy Trust's work on these projects, especially technical complications and the value Energy Trust brings for quality assurance.

**Community Engagement:** Sue Fletcher previewed the board learning paper on community engagement. John liked the range of definitions of communities, from geographic to virtual. Roger liked the link with diversity, equity and inclusion work. Sue noted community engagement is a cross-cutting strategy that could be applied to anything Energy Trust does. Janine asked about the purpose of community engagement, and appreciated Sue's suggestion that it could be an engagement strategy for a variety of activities. Lindsey liked the examples of work Energy Trust is already doing and the county profiles because they show the breadth of options. Elaine brought up equity considerations, and would like to think about how Energy Trust chooses to work with one community over another.

**Community Resilience:** Jessica Iplikci and Lizzie Rubado previewed the board learning paper on community resilience. The paper includes examples of three specific communities to illustrate the breadth and diversity of community resilience strategies and the kinds of disasters communities face. Energy needs are consistent across communities. Roger asked about local planning commissions and if Energy Trust needs to figure out how to work with them. Roger also asked what Energy Trust's role could be with microgrids as a community resilience strategy. Jessica came across an example of microgrids with the City of Eugene and Eugene Water and Electric Board, which has a resilience plan focusing on microgrids for water and energy. Roger noted that the City of Ashland has done work to encourage solar access. John was glad to see other strategies such as wood pallets as a source of heat and electric vehicles, plus passive heating, ventilation and daylighting options. Janine offered to connect Energy Trust staff with Oregon Department of Energy staff, and Lizzie acknowledged that Oregon Department of Energy staff have been a valuable resource for this project. Lizzie added that the presentation will be a case study from a guest speaker.

**New Opportunities from Data:** Scott Clark and Erika Kociolek previewed the board learning paper on new opportunities from data. Elaine appreciated the paper and noted that data from Energy Trust's evaluations were not represented in the paper. Elaine was also interested in learning about where Energy Trust can find more data to support its diversity, equity and inclusion effort.

**Cost-effectiveness:** Fred briefly explained his paper on how cost-effectiveness is calculated. The paper is intended to provide foundational information for board members. Fred will send the paper to OPUC for input and review. He is interested in looking into how carbon could fit into cost-effectiveness. Elaine plans to send the paper to colleagues at the OPUC. John noted that Oregon is one of the few places where winter and summer peaks are nearing parity. John appreciated the list of exceptions provisions for cost-effectiveness.

Debbie reminded committee members to send additional comments on board learning topics by Wednesday, March 7, 2018.

**Meeting adjourned at 4:26 p.m.**

**Next meeting date is Tuesday, April 10, 2018, at 3:00 p.m.**

# Tab 9

## Conservation Advisory Council Meeting Notes

February 7, 2018

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### Attending from the council:

Brent Barclay, Bonneville Power Administration  
JP Batmale, Oregon Public Utility Commission  
Holly Braun, NW Natural  
Tony Galuzzo, Building Owners and Managers Association  
Danny Grady, City of Portland Bureau of Planning and Sustainability  
Kari Greer, Pacific Power

Charlie Grist, NW Power Planning Council  
Julia Harper, Northwest Energy Efficiency Alliance  
Garrett Harris, Portland General Electric  
Roger Kainu (for Warren Cook), Oregon Department of Energy  
Lisa McGarity, Avista  
Kerry Meade, Northwest Energy Efficiency Council  
Jim Abrahamson, Cascade Natural Gas

### Attending from Energy Trust:

Gwen Barrow  
Eric Braddock  
Amber Cole  
Mike Colgrove  
Lindsey Diercksen  
Becky Engel  
Fred Gordon  
Andy Griguhn

Jessica Iplikci  
Oliver Kesting  
Amanda Potter  
Jay Olson  
Peter Schaffer  
Julianne Thacher  
Peter West

### Others attending:

Doug Findlay, Portland General Electric  
Nicole Hillis, CLEAResult  
Brian Lynch, AESC  
Don MacOdrum, TRC  
Alan Meyer, Energy Trust board

John Molnar, Rogers Machinery  
Lonnie Peet, Nexant  
Scott Scheuneman, RH Energy  
Jeffrey Tamburro, NW Natural

### 1. Welcome, Old Business and Short Takes

Peter West convened the meeting at 1:30 p.m. The agenda, notes and presentation materials are available on Energy Trust's website at [www.energytrust.org/about/public-meetings/conservation-advisory-council-meetings/](http://www.energytrust.org/about/public-meetings/conservation-advisory-council-meetings/).

Peter introduced new council members Danny Grady, representing the City of Portland Bureau of Planning and Sustainability, and Kerry Meade, representing the Northwest Energy Efficiency Council. Kari Greer now permanently replaces Don Jones, Jr. for Pacific Power.

The council accepted the meeting notes from the November meeting.

### 2. 2017 Preliminary Annual Results

Peter West presented the preliminary annual results. Although the results are not final, preliminary findings show 2017 as another phenomenal year. In terms of electric savings, we again surpassed the previous year to make 2017 our best year ever. Contributing factors include a strong economy, a

strong pipeline of projects and a record number of LEDs installed through the residential sector—our zenith year for LEDs installed.

In gas, we equaled our savings levels from 2016, but fell short of overall goal. Most of the deviation from the overall goal was due to the midyear agreement with NWN to moderate the pace of commercial projects from customers under interruptible rates. The economy, a strong building market and the pipeline of industrial projects drove savings. We saw growth in industrial projects where we could provide more efficient means to control air emissions.

Lisa McGarity: Does waste heat recovery also mitigate carbon released into the atmosphere, or is it strictly an efficiency measure?

Peter West: The effect is less gas usage overall. Over-combusting particulate matter means emissions are more effectively scrubbed out or condensed into another form. To the extent that we use less gas to do this, there is savings and consequently less carbon emitted in the control processes.

### **3. Requests for Proposals for Production Efficiency and New Buildings Programs**

Amanda Potter presented industrial savings projections, market trends that inform program design changes and the process for contract bidding. There are currently three pools of contractors supporting the Production Efficiency Program (Custom Program Delivery Contractors, Strategic Energy Management coaches and a pool of allied technical assistance contractors). The Industrial program will release a request for proposals (RFP) combining these three scopes of work.

JP Batmale: Are the territories the same?

Amanda Potter: Territories will stay the same. We're keeping the PDC model with separate savings and pricing for each territory. Bidders can bid on as many territories as they want, but we will only select one prime contractor for each territory.

Lisa McGarity: Are there different measures by territory?

Amanda Potter: No, we offer the same measures statewide. But there will be separate contracts for each PDC.

Holly Braun: Will you choose a different contractor for each territory?

Amanda Potter: Yes, we will choose a different prime contractor for each territory. Firms can be a subcontractor on multiple territories.

Holly Braun: I assume this follows the natural contracting cycle. Will new contracts take effect in 2019?

Amanda Potter: Yes.

JP Batmale: How does this change the design of the SEM program?

Amanda Potter: For large customers, this new design will facilitate better communications. Over time, the design will also enable streamlined processes for small- to medium-sized customers.

Jessica Iplikci presented an update on the contract bidding process for the New Buildings program. The New Buildings RFP will be released before the Industrial RFP.

Peter West: The structure of this program has been successful. There are some additional asks in this RFP, but these are within the existing structure. Bidders might have better ideas and proposals on structure and we will be open to them.

Don MacOdrum, HRC: When does the team aim to make a decision?

Peter West: We'll make a decision in early May to bring to the board in June.

Holly Braun: Is there overlap between these RFPs and the diversity, equity and inclusion efforts? Is that part of the criteria when choosing between vendors, or is the process more proactive than having a set of criteria?

Peter West: Diversity, equity and inclusion is a significant element in both RFPs. The New Buildings RFP will look for more affordable housing and a wider range of trade allies. Both RFPs will look for approaches to reaching more rural and diverse customers. We're asking bidders to describe how they will reach all customers. We'll highlight the diversity, equity and inclusion information more visibly than we have before.

JP Batmale: The New Buildings program spends time educating the building community. The last five years have been spent on a certain type of outreach to architects. Do you see this evolving over the next five years?

Peter West: I believe that is a question for the RFP respondents to answer. We want our respondents to tell us. We have ideas. These are available publicly in the 2018-2019 Action Plans. We'd like our ideas challenged through this RFP.

#### **4. Action Plans: Planning and Evaluation and Northwest Energy Efficiency Alliance**

Fred Gordon presented Planning and Evaluation's 2018 Action Plan. Planning is working to forecast goals with more accuracy, get smarter about market segments, and understand who has participated and why. They are working to make sure pilot programs answer researchable questions.

Holly Braun: Who runs the evaluation portion?

Fred Gordon: Phil Degens.

Charlie Grist: When is the white paper due out?

Fred Gordon: In two to three months. It should come to this group around May.

Brent Barclay: How does the Regional Technical Forum fit into your plans?

Fred Gordon: We co-fund the Regional Technical Forum, a volunteer board of experts. We only do analysis where they don't. We work around what they do to fill gaps. We use information from them when it's pertinent to the program.

Julia Harper presented Northwest Energy Efficiency Alliance's operation plan. A more detailed version of the operation plan is available on NEEA's website. All value streams in NEEA's operations are closely tied together. They are interrelated and important to the success of other elements. NEEA's portfolio is growing and becoming more complex. They are watching the market to see what takes off.

Holly Braun: One risk mentioned was about regional bandwidth to coordinate stakeholders. What about that is different? Why is there more risk now?

Julia Harper: First, we're managing a number of different concurrent programs. Second, in this business cycle, we made an intentional change to up the ante on collaboration and coordination. We're investing more time in collaboration than we had in prior cycles. We knew this would take more time, but there needs to be continued appetite and commitment.

Kerry Meade: Can you elaborate on the cost-effectiveness concerns you raised?

Julia Harper: One example is the ductless heat pump program. Regional utility programs support this with incentives at the consumer level. Normally, as the volume of products picks up, the cost of products will come down. We have not seen the cost coming down, and it's become a bigger concern.

Fred Gordon: Over the last few years, our forecast of the future price of power has been trending down.

#### **5. Commercial and Industrial Lighting Strategy**

Jay Olson presented on changes to commercial and industrial lighting market trends. Lighting is a large part of the electricity savings portfolio. We still expect to see savings from commercial and industrial lighting upgrades into 2019, but changing dynamics will push us beyond cost-effectiveness. We need to adapt to drive substantial savings through lighting. We're exploring a new approach to lighting incentives for business customers. It's in the conceptual phase now. It will be a deeper dive topic for future Conservation Advisory Council meetings.

Lindsey Dierksen presented midstream offerings for commercial and industrial customers. We now have 10 distributors for better coverage across the territory. For some of the measures, the program is using a market baseline, similar to the residential program.

Brent Barclay: On direct installation, how do you manage the selection process for installation contractors? Is there competition, or do they each have exclusive areas?

Jay Olson: It was a competitive process.

Brent Barclay: Bid? Rotational?

Jay Olson: The current program administrator is SmartWatt, but they don't conduct or perform the installation work. They bid competitively for the contract as a subconsultant to the PMC. Any trade ally contractor who wants to participate in the program is eligible to perform the work.

Brent Barclay: Do you use what's in the ceiling as a baseline for direct installation?

Jay Olson: Yes. We are lowering the incentive cap for 2018. It used to be a higher incentive. It may impact results.

Peter West: This is similar to the T12 bulbs that have been resistant to change. Customers don't want to give up on those bulbs.

JP Batmale: What trends are you seeing on direct installation?

Jay Olson: Trends are consistent. Thirty percent of the people who walk in the door actually participate in the program. Once they go through the energy audit, 60 percent participate.

Peter West: This offering is targeted at small industrial/commercial operations that haven't participated in our programs before.

Jay Olson: This launched not long ago. There aren't a lot of trends for us to look at yet.

JP Batmale: Is the entry point to the program to come back and do more lighting?

Lindsey Dierksen: Yes, we are using the midstream incentives to reach customers who we might have not worked with in other parts of the program, and we will use that touch point to try to do more comprehensive projects in the future at the site. In the future, we need to see how the offering fits strategically with other parts of the program as lighting continues to evolve, but we don't want to miss opportunities to move the market. We will continue working with NEEA and other regional stakeholders to understand how midstream incentives can help drive more savings for the programs.

Charlie Grist: How do you figure out which areas to target?

Jay Olson: We work with utilities to see what they're asking and where they're looking to promote more participation. Utilities have their own lighting representatives out there promoting this as well. We have historical information on how active the market is and how the region is served. We have participation studies.

Charlie Grist: Is this a comprehensive data analysis, or is it more anecdotal?

Jay Olson: SmartWatt is going out to determine customer usage. They bring this information back to us and to the PMC. We synthesize this information and work with utilities.

Danny Grady: Are there non-lighting measures that you're including in direct install?

Jay Olson: We offer plug strips as an engagement tools, but we don't claim savings from these.

Kerry Meade: When are you looking at a new conceptual program approaching? Will New Buildings use a meter-based or pay-for-performance approach?

Jay Olson: A systems approach is a better term. We're looking at load and the energy use of lighting as a whole, not measure-for-measure. We're looking at new technology, advanced technology and

design strategies to lower the energy use of lighting. We aspire to get the lighting load so low that a solar system could cover the load—achieving net zero energy use.

Lindsey Diercksen presented a new lighting tool concept. The tool is meant to streamline operations. The program is interviewing staff, utilities and trade allies on how they would use this tool. They will finish market research and release a request for proposals in 2018.

Jay Olson clarified the difference between the luminaire level lighting control pilot and the integrated advance control pilot.

Jay Olson: In the luminaire level lighting control pilot, controls are built into the luminaire itself.

Aaron Leatherwood: Yes, the lighting controls are a subset of advanced lighting controls. In the luminaire level lighting control pilot, we have control of each individual fixture. They are all connected by a network.

Brent Barclay: It looks like you're constraining research to just the Northwest region. You might want to look more broadly, even nationally.

Lindsey Diercksen: Yes. We were concerned the scope of this research would get too large. We still need to research other regions, like the Midwest and east coast to see if there is more information from other utilities and programs that can help inform our decisions.

Brent Barclay: You could look at vendor solutions. This would be more customized. It might help set requirements in the RFP.

Peter West: We'll be back with more discussion on this topic at later Conservation Advisory Council meetings.

## **6. New buildings penetration rate analysis**

Jessica Iplikci presented on the results of the market saturation study and next steps in the 2018 action plan. Peter West and Andy Griguhn talked about the difficulties of working with secondary sources of data that are imperfect.

Alan Meyer: What share of the overall market is office buildings? Is the 20 percent in your slide a large or small portion of the overall market? Also, do you have any idea why the penetration rate is low?

Jessica Iplikci: This is a unique segment. There will be more information on this topic later in the slide deck.

Alan Meyer: So does this involve a different form of decision-making? Is it a large percentage of the total market?

Jessica Iplikci: The information can be difficult to find and explain. We think there are tenant improvement opportunities out there. We want to use this as a reference point and indicator. We'll pair it with what we already know in other analyses throughout the program, such as lighting analysis. We don't know if we'll be able to address this in a deep or holistic way.

Andy Griguhn: To answer your question about what share of those 3,200 buildings are office buildings, the percentage fluctuated between 2014 and 2016. In 2016, that category made up 20 percent of the building market. There was a dramatic increase in new construction in that market following this. The market grew by two times in one year.

Alan Meyer: So it's large enough to warrant our attention.

Andy Griguhn: Yes, and multifamily and stores/restaurants are the next two categories in terms of market share. Each makes up a substantial share of the market.

Peter West: As Jessica noted earlier, the structure of the office building market is more tenant-driven than owner-driven. That's a challenge for us. Decisions are made rapidly and it's difficult to keep our offerings in front of people, and we will need to address this in 2018 and 2019.

Brent: The number of buildings that participate in the program is an important metric, but we want the right buildings participating. The right square footage. Who has the biggest delta in influencing the energy index?

Jessica Iplikci: This analysis is one reference point. Additional analysis is needed to get at some of these questions. This particular analysis didn't look into that cross section. This analysis was designed to show what's happening overall, where we're hitting and what the major market segments are. The Path to Net Zero program is where we look at energy use intensity.

Jim Abrahamson: The service area map might need correction. In Central Oregon, it looks like Cascade Natural Gas covers Pacific Power territory from Warm Springs to Klamath County. It shows the same thing in Pendleton, the Hermiston area, Baker City and Ontario. We serve islands around each.

Peter West: Thank you for noticing that. We'll work with you to update our GPS.

Tony Galuzzo: Do you expect the new reporting structure for ENERGY STAR® in the Portland area to affect how commercial office buildings approach their building improvements?

Peter West: That's a good question we need to contemplate. We've been expecting more on existing buildings. By meeting the current building code, these new buildings come out favorably. We thought the real pressure was on older building stock. Is the roll out all on large buildings now?

Oliver Kesting: It's for buildings 20,000 square feet and above.

Peter West: When was that ratcheted down?

Oliver Kesting: It started at 50,000 square feet and rolled down to 20,000 square feet.

Tony Galuzzo: It's providing better focus on where they line up and where the performers are.

Peter West: We hit a record for commercial and industrial projects. Have you noticed the benchmarking driving anything specific?

Oliver Kesting: We're using benchmarking data to target, not to drive volume. We use it to see who are the worst performers, what's available to do, and how to reach out to those customers.

JP Batmale: What's the difference in barriers to participation? What are the major differences driving levels of participation by those market segments?

Jessica Iplikci: It's hard to say. Some of it depends on the building type. Multifamily is a straightforward building type. It scales easily. In efficiency, it scales well per square foot. In ground-up new construction, we work directly with the owner or developer. There are key differences when compared to the office building market.

Kari Greer: Has there been any formal work on why some buildings have or have not participated?

Jessica Iplikci: We do evaluations and get good information to use in planning. We make revisions to certain incentive packages planned for 2018. We're making sure our outreach efforts are robust and targeted. The reasons why some buildings do or do not participate could be baked into the research plans we have starting out this year. These will include further engagement with subsets or focus groups.

Don MacOdrum: Is the broader data that informed this slide deck available?

Jessica Iplikci: It's Dodge data, so it can be purchased. The analysis we've done here is available publicly and will be posted on our website. Program evaluations are also on our website.

## **7. Planning for the 2018 Conservation Advisory Council**

Peter West introduced the annual discussion around topics to bring to the advisory council. In response to comments, we want to expand this discussion to also consider why topics come to the council and how they should be presented/discussed. Homework is required of Conservation Advisory Council members in order for us to continue this discussion at the next meeting in March. Peter asked council members to provide written responses to a series of questions in the power point. The questions will also be sent by email.

Alan Meyer: I like information presentations to be concise. This is an advisory council, not a listening council. Unless we hear from other council members, we're not getting the full value out of these meetings. This meeting was 95 percent informational.

Peter West: Fist, does what we're asking make sense?

Holly Braun: It makes sense, and the timing is ripe. Another question to consider is how the need for an advisory council has changed over time. This council was created around the same time that Energy Trust was starting out and had less expertise on staff. Over time, that has changed. There is so much embedded knowledge that these meetings now consist of updates presented back to us. There is value in that, but could the council be used for another purpose? Is the purpose more about transparency? Are these meetings more about raising the knowledge level of the community and less about advising you? I don't know that our advice is needed anymore. In 2017, were there places where changes happened as a direct result of our feedback? It would be helpful for us to see where we made a difference. If we only made a difference three times, it might be time to re-evaluate the purpose of the council. People want to be here. But are we here to help or to gain something for ourselves?

Peter West: That's a good idea. We still need your individual responses to these questions. In the meantime, we'll think about the most efficient way to answer your questions.

Holly Braun: The meeting structure might take the form of a workshop or world café. I wonder if this room is the right setting for a dynamic workshop. What does it mean to be on the council if meetings mean getting updates and getting smarter? We could be in the audience.

JP Batmale: The operating principles do envision more participation. The principles are broad, but do envision a feedback loop that doesn't seem to happen.

Peter West: It's true that a lot of what comes here is informational. Conservation Advisory Council members have policy expertise, program expertise and customer perspective. All of this is important. I'm hearing that this discussion is positive and you're willing to go forward with the homework. Do you have early thoughts on the list of topic categories?

Brent Barclay: You have some idea of what Energy Trust's needs are. Energy Trust has a constellation of engagements. If you take Conservation Advisory Council out, what's not being met through those other engagements? What's left is a candidate for what comes to this group. This group has a range of interests. From a governance standpoint, is this body an important piece of your public responsibility? Do you need this for transparency when disclosing budgets? We can do a lot of things, but we're broad and dispersed. If the feedback you need is about how to optimize program operations, that's a different conversation than reviewing policies.

Holly Braun: Yes, looking at what would be left if you removed Conservation Advisory Council is a helpful exercise. I love the idea of finding a way for us to help you while also benefiting, but it should start with identifying what you need. We could probably help more. This gets to the question about meeting format/structure and how things can be delivered to pull out the best value from us. I don't feel like we can answer the homework questions until we know the nature of what's been helpful.

Peter West: It's a good idea for us to come up with a list of where Conservation Advisory Council has influenced Energy Trust, but it would be wrong for us to start with that list. Feedback has been all over the map because people have different perspectives. There is overlap between our organizations out in the field. I have a notion of what I need from the Bonneville Power Administration, but it's better for you to say that so we can hear and contemplate as a group. The Conservation Advisory Council needs to be a representative body of interests of the stakeholders, funders and customers. That is fundamental to what you're providing to us.

Alan Meyer: The most impactful meeting in my memory took place when you presented new incentives, and the council came back and said that you don't understand the impact of those incentives. We broke into groups and came up with new incentives. This group provided a real service.

Garrett Harris: If our role is to support the board, I don't understand how the outcomes of this meeting are conveyed to the board.

Alan Meyer: Notes from advisory council meetings are included in the board packet. If there is something of significance, it may be called out for discussion. The council provides feedback for staff to refine things more than we provide feedback for the board to act on.

Peter West: Thank you. We'll send these questions out by email. We'll work on our part of the homework and send that out to everyone. That leaves plenty of time before the next meeting for sharing information back. We'll craft some participatory engagement that will drive a straw proposal.

#### **8. Public Comment**

There were no other public comments.

#### **9. Meeting Adjournment**

The meeting adjourned at 4:35 p.m. The next Conservation Advisory Council meeting is Tuesday, March 20, 2018.

# Tab 10

## Renewable Energy Advisory Council Meeting Notes

February 7, 2018

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### Attending from the council:

Erik Anderson, Pacific Power  
JP Batmale, Oregon Public Utility Commission  
Jason Busch, Oregon Wave Energy Trust  
Kendra Hubbard, Oregon Solar Energy Industries Association  
Suzanne Leta Liou, SunPower

Michael O'Brien, Renewable Northwest  
Les Perkins, Farmers Irrigation District  
Adam Shultz, Oregon Department of Energy  
Frank Vignola, University of Oregon  
Dick Wanderscheid, Bonneville Environmental Foundation

### Attending from Energy Trust:

Tom Beverly  
Michael Colgrove  
Matt Getchell  
Jeni Hall  
Jed Jorgensen  
Betsy Kauffman  
Dave McClelland

Debbie Menashe  
Dave Moldal  
Joshua Reed  
Brian Simmons  
Peter West  
Rachel Wilson  
Robert Wylie

### Others attending:

Alan Meyer, Energy Trust board  
John Reynolds, Energy Trust board

Jason Zappe, Portland General Electric

### 1. Welcome, introductions, announcements

Jed Jorgensen convened the meeting at 9:30 a.m. To accommodate presenters, the legislative update shifted to later in the meeting. The agenda, notes and presentation materials are available on Energy Trust's website at: <https://www.energytrust.org/about/public-meetings/renewable-energy-advisory-council-meetings/>

### 2. Preliminary year-end results

Jed Jorgensen and Dave McClelland presented 2017 Preliminary Results slides. Preliminary results are completed right after the end of the year and are unofficial. Energy Trust's report with official numbers will go to the OPUC in April. A lot of work goes into creating these numbers from staff across Energy Trust and PMCs, along with trade allies.

See slides for details. Two utility scale projects completed in 2017 that were expected in 2016, causing Energy Trust to exceed generation goals. There were two legacy small wind projects in the pipeline that also completed. Solar applications increased significantly due to the RETC expiration. A tremendous amount of work was completed in project development assistance, mostly for irrigation modernization projects.

Dave McClelland: The program had its busiest year ever with over 2,400 applications and almost 1,800 solar systems installed. Installations totaled to 26 megawatts of capacity, including two utility-scale projects that totaled 10 megawatts. The program saw heavy application volume as expiration of the Residential Energy Tax Credit (RETC) approached in January. As a result, we have 1,400 active

reservations. Many of these projects will need to be operational by the end of March 2018 to meet RETC deadlines.

The program hit a big milestone in December: 100 megawatts of installed distributed solar at homes and businesses.

Michael O'Brien: What are the barriers for RETC projects meeting the deadline, and what can you do about it?

Dave McClelland: We have reached out to local jurisdictions to give them a warning about high volumes of solar inspections.

Jeni Hall: Systems must be operational, including the jurisdictional inspection. We are reaching out to contractors who may have overbooked themselves to make sure customer needs are met. We are helping contractors to understand what needs to happen and when.

Alan Meyer: What are the effects of the solar panel tariff?

Dave McClelland: We saw consistent price reductions through the first half of last year, then prices stabilized in the second half of the year. The effects on pricing may already have occurred in our market. Our market also has had a high percentage of SolarWorld modules, about 40 percent. We expect most of the impacts to be for larger, lower cost projects, but the tariffs are also an additional challenge for residential contractors trying to fill the RETC gap.

Suzanne Leta Liou of SunPower provided additional information on the tariff: it was set high enough to have an impact on the market. Consumers will see price increases and the industry expects market decline, perhaps in the range of 10 percent. The tariff begins at 30 percent and declines by 5 percent per year. It includes modules and cells that are assembled into modules in the U.S. The tariff applies to cells in excess of a 2 gigawatt quota. Manufacturers can request an exemption to the tariff by a deadline of February 26.

Dave McClelland: On January 9, we introduced new, moderately higher incentive rates based on contractor feedback. We also raised our size caps on commercial systems: now 250 kW for Pacific Power and 400 kW for PGE. New residential incentives will not fill the RETC gap, but are up from last year: about \$3,500 is now available for a typical solar system. Residential applications have been slow since the incentive change, with about 20 submissions over the last month.

### **3. LMI Solar**

Betsy Kauffman presented on the sector's work on solar for low-to moderate-income groups (LMI Solar).

This work came from a U.S. Department of Energy funding opportunity that began a couple of years ago. The Clean Energy States Alliance, of which Energy Trust is a member, applied for the funds. Six states including Oregon are participating. The Oregon Department of Energy is the sub recipient of the funds. Energy Trust is working on this effort under a contract with ODOE to fulfill the deliverables under the grant. The work includes monthly calls with the other states to share ideas. The work directly ties into our strategic plan.

As part of the initiative, we created a working group of 20 people from utilities and community groups. Meetings involved educating the group on solar and receiving input that will help structure a solar program for LMI groups.

Alan Meyer: How have the grant funds been used?

Betsy Kauffman: We have used the funds for things like scholarships for community groups to attend the meetings and to pay for a contractor.

The deliverable at the end of the year was a set of draft strategies, including: community engagement to build the pipeline and gain insights; deploying solar and storage for vulnerable communities; coordinating with the community solar program, which has a 10 percent carve-out for low-income; diversifying the solar workforce; and increasing direct participation in solar. We are likely to remove the workforce component from the plan, except to establish some baseline information. We have been doing outreach to gather information to refine the draft strategies. We visited Roseburg and Coos Bay last week, with visits to Bend, Albany, and Salem coming up. Pendleton and Medford are not yet on the calendar. There is a lot of interest in technical assistance, funding for feasibility studies and an incentive-adder for moderate income, similar to Savings Within Reach.

Michael O'Brien: What is the primary metric? Reduced bills, more renewables, more inclusiveness?

Betsy Kauffman: We are still looking at that, but U.S. DOE wants us to count kWh. We also want to see how we can make the most difference for the customers.

Erik Anderson: How will you help customers outside PGE and Pacific Power territory?

Betsy Kauffman: It's a challenge because we're using PPC money on this work. We will likely add the professional associations for municipalities and co-ops to the stakeholder work group.

Dave McClelland: Bonneville Environmental Foundation has been actively involved and their work extends outside our territory.

Betsy Kauffman: We have learned there are barriers to LMI participation in solar. Many low-income people are renters. Some LMI families live in housing that needs work and can't support solar. We need to be careful not to burden people with an additional thing to think about. The utility allowance for affordable housing has some unintended consequences. If electric bills go down, it enables rent to go up. However, tenants are aware of solar technology. The notion that they don't care isn't true. Long-term electric bill reduction is a benefit.

Adam Schultz: Is there an interest in more information on solar – like solar and storage?

Betsy Kauffman: People wanted fact sheets and basic information on solar and storage.

#### **4. Organization strategies for Diversity, Equity, and Inclusion**

Debbie Menashe, general counsel at Energy Trust, presented on the work she is leading with staff on Diversity, Equity, and Inclusion (DEI).

In 2017, the equity policy was up for review, so we worked on building it out with some recommendations to make it more specific. The policy recognizes that our work is to serve all eligible customers. The updated policy adds direction around specific strategies, instructing that programs should be designed to serve all groups and to use a DEI Lens when designing and delivering programs. The DEI Lens ensures that we think about things from other perspectives. The LMI workgroups give us that kind of information and prompt us to think differently.

We are also developing goals and policies around increased participation to help us learn from our successes and mistakes. This includes outreach to community-based organizations. Betsy's presentation demonstrates that kind of work. The policy also directs us to establish a Diversity Advisory Committee (DAC) to bring advice to staff and the board, similar to RAC and CAC. The policy also has a provision for the board to look at inclusion as board openings come up.

Frank Vignola: Have you been successful in your efforts?

Debbie Menashe: So far, we have. We aren't yet measuring against quantitative goals, but we should be able to report on that in the next year.

JP Batmale: What's the next step? What comes next from the board or executives?

Debbie Menashe: We need to finalize the current plan with feedback from stakeholders, OPUC and the board. Then we will work on operational goals, collect baseline data and create clear quantitative goals. Annual public reporting will be added as well.

Dave McClelland: Betsy's presentation talked about a moderate income adder for solar. We don't yet know what that looks like, but we will want your feedback soon. We are focused on getting through the end of the RETC projects in the next two months. In Q2, we will most likely ask for feedback about how we structure an adder. A large part of the incentive package has dropped off for the customer with the loss of the RETC. We can't afford to fill it in for all customers, but we can target how we fill it for some customers.

Michael O'Brien: It's a moderate income adder. Does that mean it will be at that income level and below?

Dave McClelland: Yes. This would be targeted at homeowners depending on how much customers can bring to the table. It would be under an income threshold. We have to decide how to determine that and check eligibility. We don't want to do a formal income qualification, which is complex and costly. We're looking for feedback on something fair and simple.

Dick Wanderscheid: Would this be for energy efficiency too, or just solar?

Dave McClelland: Energy efficiency offers this already through Savings within Reach, and we want to align with that if possible. We might be able to go back to existing customers from that program. There are opportunities to partner with community organizations and offer it to smaller groups—learning from that process and building from it.

Les Perkins: There are many existing guidelines used by housing authorities. "Moderate" very much depends on the location where you are working, but it's well established.

Dave McClelland: We don't want to reinvent the wheel. We plan to educate ourselves on what is already being done elsewhere.

## **5. Legislative update**

Jay Ward: There are a lot of tight timelines in a short session. Hearing deadlines are next week. Energy Trust is tracking several bills that relate to the public purpose charge. We do not lobby or influence legislation, measures or candidates. We do provide information and resources to answer questions.

SB1552 would cap the public purpose charge at 1.5 percent, and cap salaries and benefits for Energy Trust at the salary level of Oregon's governor. Utility rate of return would be capped at 4.5 percent. PacifiCorp's Klamath River dam removal account would be closed and funds returned to ratepayers. OPUC staff would be prevented from working for a utility for at least two years after leaving the agency.

"Cap and Invest" is in two separate bills, one for the house and one for the senate. There are slight differences between the bills. Ted Sickinger had a good article on January 14. The bills are a priority for the speaker and majority leader but were absent from the governor's State of the State address. The utilities are skeptical. Tribal representatives have testified in support. An Ontario government representative spoke on the benefits of cap and trade to their region.

"Home WRAP" is restoration of a statewide residential energy incentive for efficiency and renewables. It would be delivered through OHCS with about \$18 million per year in cost to the state. Households with \$200,000 in income or below would be able to take advantage. The bill is perceived as being supported by the majority of the committee. There is a follow-up hearing next Monday.

There are a few other bills we are tracking on, including three that change what ODOE does. One creates a nine member advisory board with two non-voting and seven voting members. Another creates an Oregon Energy Commission, which would take a lot of what ODOE does and give to the commission. Another gives ODOE less money to do what it does now. Senators Byer and Olson are working on amendments that might move the bills forward.

There are a few other bills with relating clauses that are interesting but not directly related to us. EV charging, affordable housing and similar. Please let us know if there are any additional bills you think we should track.

Michael O'Brien: In the ODOE bills, can you clarify about the energy commission and ODOE's role change?

Jay Ward: One is less specific and one is more specific. There would be members representing the consumer-owned utilities, residential energy users, industrial energy users, the transportation sector, electric investor-owned utilities, natural gas utilities, the Power and Conservation Council and the OPUC.

Suzanne Leta Liou: What is the likelihood of the Home WRAP bill making it through the session?

Jay Ward: It is almost certain to get out of committee, but there will be some pushback. There are two issues in the future: if the Clean Energy Jobs bill (cap and invest) gets passed, it would use up a lot of political capital—and the bill likely wouldn't move forward. If cap and invest doesn't pass, this bill may go to the Ways and Means committee. They would have to determine where the funding comes from. Home WRAP includes incentives for renewable energy and energy efficiency. It has broad support from both sides of the aisle, but the funding is the challenge.

## **6. Public comment**

Alan Meyer: I heard that some CAC participants feel there isn't enough time for interaction. Does this group feel there's enough time? Any fine-tuning needed?

John Reynolds: The CAC is a bigger group as I recall.

Frank Vignola: I've always been able to get my comments in.

John Reynolds: The smaller size encourages more conversation.

Betsy Kauffman: When Dave talked about incentives going up, it was useful to think about the small group discussions and papers that we shared. That gave us lots of useful information. There are many times when we need your feedback.

Dave McClelland: I referred back to the RAC's feedback multiple times during the budget process.

Alan Meyer: Sometimes the agenda is so packed, people may hesitate to ask questions.

Les Perkins: It's good to hear perspectives from investor-owned utilities and the Bonneville Environmental Foundation. I don't get to hear that often outside of these meetings.

Jed Jorgensen: The RAC's advice is important, and it's good for us to hear about and consider external happenings. In the past, we've also considered taking the RAC on field trips to visit nearby projects. For example, we could ask Les for a tour of Farmers Irrigation District to see an example of irrigation modernization.

## **7. Meeting adjournment**

The next scheduled meeting of the Renewable Energy Advisory Council is on Tuesday, March 20, 2018, at 9:30 a.m. Please note this is one day earlier than originally scheduled.

# Tab 11

# Energy Trust of Oregon Glossary of Key Terms and Program Descriptions

Updated April 2017

## Key terms

**Allied technical assistance contractors:** Allied technical assistance contractors provide technical analysis and studies to help industrial customers identify energy-efficiency upgrades.

**Avoided cost:** The amount of money that an electric utility would spend for the next increment of electric generation it would need to either produce or purchase if not for the reduction in demand due to energy-efficiency savings or the energy that a co-generator or small-power producer provides. Federal law establishes broad guidelines for determining how much a qualifying facility gets paid for power sold to the utility.

**Benefit/cost ratio:** Energy Trust ensures investment in cost-effective energy efficiency based on the Total Resource Cost Test benefit/cost ratio and the Utility Cost Test benefit/cost ratio. Together, the tests assess the value of the energy-efficiency investment compared to a utility supplying the same amount of energy, and determine whether energy efficiency is the best energy buy for a utility and for all utility customers.

**Total Resource Cost Test:** This is the main test that determines whether Energy Trust can offer an incentive for a project. Benefits include the value of energy savings to the ratepayers of the utility system over the expected life of the energy-efficiency resource (otherwise known as the avoided cost of energy), and in some cases benefits also include quantifiable non-energy benefits, such as water savings and operations and maintenance benefits. Costs include the total cost of the energy-efficiency resource, including Energy Trust incentives and the project cost paid by the participating customer.

**Utility Cost Test:** This test is used to indicate the incentive amount for a project. It helps Energy Trust determine whether providing an incentive is cost effective for the utility system. Benefits include the value of energy savings to the ratepayers of the utility system over the expected life of the energy-efficiency resource (otherwise known as the avoided cost of energy). Costs include the cost of the Energy Trust incentive.

**Multnomah County Property Fit initiative** (formerly Commercial Property Assessed Clean Energy): Started in Q3 2015, the pilot provides 100 percent of funding to commercial property owners that complete comprehensive energy-efficiency and renewable energy projects, with standard incentives from Energy Trust and long-term loans from the Portland Development Commission repaid through energy savings or electricity production.

**Cost-effectiveness:** The OPUC has a definition that refers to ORS 469.631 (4) stating that an energy resource, facility or conservation measure during its life cycle results in delivered power costs to the ultimate consumer no greater than the comparable incremental cost of the least-cost alternative new energy resource, facility or conservation measure. Cost comparison under this definition shall include but not be limited to: (a) cost escalations and future availability of fuels; (b) waste disposal and decommissioning cost; (c) transmission and distribution costs; (d) geographic, climatic and other differences in the state; and (e) environmental impact. ORS

757.612 (4) (SB 1149) exempts utilities from the requirements of ORS 469.631 to 469.645 when the public purpose charge is implemented.

By law, Oregon public purpose funds may be invested only in cost-effective energy-efficiency measures—that is, efficiency measures must cost less than acquiring the energy from conventional sources, unless exempted by the OPUC.

**Demand response:** A load management strategy, it is the reduction in electricity consumption by end-use customers from their normal pattern of consumption during times of peak energy use, when wholesale electricity prices are high and/or when system reliability is jeopardized. Customers are often compensated for participating in demand response programs.

**Energy Saver Kit:** Customers of Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas can order free Energy Saver Kits from Energy Trust’s website, including energy-saving LEDs, showerheads and faucet aerators.

**EPS™:** Builders can receive cash incentives for new homes constructed to EPS energy performance requirements, indicating low energy consumption, utility costs and carbon footprint. The score helps homebuyers assess and compare the energy use and costs of similarly sized homes.

**Irrigation modernization:** A collaborative effort by Energy Trust and Farmers Conservation Alliance, irrigation modernization connects irrigation districts and farmers with tools to invest in modern irrigation infrastructure, saving water and energy, improving habitats for fish and generating clean energy through small-scale hydropower systems installed in pipes.

**Levelized cost:** The level of payment necessary each year to recover the total investment and interest payments (at a specified interest rate) over the life of a measure.

**LivingWise kits:** LivingWise kits and curriculum are delivered to sixth-grade students in Oregon schools. Energy Trust provides free LivingWise science curriculum to teachers, and offers energy-saving LEDs and showerheads for students to install in homes.

**Market solutions:** Tailored market solutions incentive packages help businesses make quick decisions and achieve deeper energy savings when constructing small restaurant, grocery, multifamily, office, school or retail buildings less than 70,000 square feet.

**Market transformation:** Lasting structural or behavioral change in the marketplace and/or changes to energy codes and equipment standards that increases the adoption of energy-efficient technologies and practices.

**Megaproject:** Large commercial or industrial projects receiving more than \$500,000 in Energy Trust incentives for energy-efficiency upgrades are considered megaprojects. These projects are reviewed and approved by Energy Trust’s Board of Directors.

**Midstream incentive:** Midstream incentives are provided to distributors and to retailers, with savings passed onto customers. Downstream incentives are provided directly to customers.

**Path to Net Zero:** The Path to Net Zero offering provides increased design, technical assistance, construction, and measurement and reporting incentives to new commercial construction projects that aim to exceed energy code by 40 percent through a combination of energy-efficiency and renewable energy features.

**Pay for Performance:** The Pay for Performance offering for commercial customers offers incentives for capital and operations and maintenance improvements over a multiyear period to help achieve additional energy savings for more comprehensive projects.

**Program Management Contractor (PMC):** Company contracted with to deliver and implement a program or major program track. PMCs keeps costs low for utility customers, draw from existing expertise and skills in the market, and allow Energy Trust to remain flexible and nimble as the market changes. PMC contracts are competitively selected, reviewed by a committee with internal staff and external representatives, and approved by the board. Contracts are rebid on a regular basis.

**Program Delivery Contractor (PDC):** Company contracted with to implement a specific program track. PDCs keeps costs low for utility customers, draw from existing expertise and skills in the market, and allow Energy Trust to remain flexible and nimble as the market changes. PDC contracts are competitively selected, reviewed by a committee with internal staff and external representatives, and approved by the board. Contracts are rebid on a regular basis.

**Project development assistance:** Incentives and support for early-stage development of Other Renewables projects helps build a pipeline of future renewable energy projects.

**Retrocommissioning:** A systematic process for identifying less-than-optimal performance in commercial equipment, lighting and control systems and improving the energy efficiency of these existing systems.

**Savings Within Reach:** Owners of single-family or manufactured homes who meet moderate-income qualifications can receive enhanced Savings Within Reach incentives for qualifying projects.

**Strategic Energy Management:** Energy Trust helps industrial and commercial customers reduce energy use and save money through behavioral and low-cost operations and maintenance improvements.

**Verifier:** Trade ally verifiers provide technical guidance and inspection to home builders, ensuring that homes rated with EPS save energy through energy-efficient windows, HVAC, appliances and weatherization.

## Program descriptions

**Existing Buildings.** The Existing Buildings program offers energy-efficient improvements for existing commercial buildings of all sizes. Incentives are available for custom projects, including capital upgrades and operations and maintenance improvements; standard upgrades; lighting upgrades; and energy management offerings with tools, training, technical assistance and Strategic Energy Management offerings to help customers reduce energy use through behavioral and operations improvements.

**Existing Multifamily.** The Existing Multifamily program serves existing multifamily buildings with two or more units, including market-rate housing, affordable housing, homeowners associations, individual unit owners, and assisted living and campus living facilities. The program offers standard incentives for water heaters, HVAC equipment, weatherization, appliances and foodservice equipment; free in-unit installation of LEDs, showerheads

and faucet aerators and distribution of advanced power strips; custom incentives for capital improvements; incentives for lighting upgrades in common areas; and incentives paid to distributors to reduce costs of efficient lighting and equipment for customers.

**New Buildings.** The New Buildings program supports design and construction of high-performance commercial buildings and major renovations of all sizes and building types. Staff engage with building owners, developers, business owners and design professionals to provide standard prescriptive incentives, market solutions incentive packages and custom incentives. Tailored market solutions incentive packages help businesses make quick decisions and achieve deeper energy savings when constructing small restaurant, grocery, multifamily, office, school or retail buildings less than 70,000 square feet.

**Production Efficiency.** The Production Efficiency program offers technical assistance and incentives to industrial and agricultural businesses, including incentives for custom projects, standard lighting and equipment upgrades delivered by trade allies, and an industrial Strategic Energy Management offering to help customers achieve persistent energy savings through behavioral and operations and maintenance improvements.

**Existing Homes.** The Existing Homes program serves single-family homeowners, renters and owners of existing manufactured homes with energy-saving recommendations, referrals to qualified trade ally contractors, cash incentives for heating and water heating equipment, smart thermostats, insulation and windows, and LEDs, showerheads and faucet aerators delivered through kits. Enhanced Savings Within Reach incentives are available for moderate-income residents.

**New Homes.** The New Homes program works with trade ally builders, subcontractors and verifiers to construct energy-efficient homes that exceed code through construction of EPS-rated homes and prescriptive incentives for individual equipment.

**Products.** The Products program offers cash incentives for residential ENERGY STAR qualified products, including lighting, clothes washers and showerheads. The program also provides energy-saving kits to food pantries to deliver to their clients, and distributes showerheads through water bureaus and districts. In addition, the program encourages the sale of energy-efficient new manufactured homes.

**Solar Electric.** The Solar program aims to create a vigorous and sustainable market for solar energy by offering cash incentives that lower above-market costs for small solar projects, educating consumers, creating and enforcing quality standards and ensuring a robust network of qualified trade ally contractors. Staff review incentive levels regularly and gradually reduce them to manage budget and respond to decreases in solar costs. The Solar program supports installation of standard solar systems on residential and commercial properties, and also large custom projects if funding is available.

**Other Renewables.** The Other Renewables program provides project development assistance and incentives that lower above-market costs for projects that generate renewable energy from hydropower, biopower, wind and geothermal resources. Project development assistance supports early-stage development and helps build a pipeline of future renewable energy installation projects. In 2016, staff focused on projects that provide a wide range of benefits, including biogas projects generating energy from anaerobic digestion of organic waste and hydropower projects at irrigation districts.

**Northwest Energy Efficiency Alliance.** NEEA is a nonprofit organization working to maximize energy efficiency to meet our future energy needs. Michael Colgrove, Energy Trust executive director, serves as a board member. NEEA is supported by and works in partnership with Bonneville Power Administration, Energy Trust and more than 100 Northwest utilities for the benefit of more than 12 million energy consumers. NEEA uses the market power of the region to accelerate innovation and adoption of energy-efficient products, services and practices. NEEA has delivered market transformation savings under contract to Energy Trust since 2002.

