

# Board Meeting Minutes—Annual Board Strategic Planning Workshop

May 17-18, 2018

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**Board members present:** Susan Brodahl, Dan Enloe, Ernesto Fonseca, Roger Hamilton, Lindsey Hardy, Mark Kendall, Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root, Eddie Sherman, Steve Bloom (Oregon Public Utility Commission ex officio), Ruchi Sadhir (Oregon Department of Energy)

**Board members absent:** Melissa Cribbins, Janine Benner (Oregon Department of Energy ex officio)

**Staff attending:** Mike Bailey, Scott Clark, Amber Cole, Michael Colgrove, Hannah Cruz, Jack Cullen, Andy Eiden, Becky Engel, Sue Fletcher, Elizabeth Fox, Fred Gordon, Andy Hudson, Jessica Iplicki, Jed Jorgensen, Betsy Kauffman, Oliver Kesting, Steve Lacey, Dave McClelland, Debbie Menashe, Spencer Moersfelder, Alex Novie, Amanda Potter, Pati Presnail, Becky Rein, Thad Roth, Peter Schaffer, Greg Stokes, Julianne Thacher, Zabyn Towner, Mark Wyman John Volkman, Jay Ward, Peter West, Whitney Winsor, Scott Swearingen, Marshall Johnson

**Others attending:** Anne Snyder Grassman (Portland General Electric), Rick Hodges (NW Natural), Elaine Prause (OPUC), Holly Braun (NW Natural), Lisa McGarity (Avista), Jason Eisdorfer (OPUC), Tamy Linver (NW Natural), Mathew Doyle (NW Natural), Bill Edmonds (NW Natural), John Charles (Cascade Policy Institute)

## Welcome and Introductions

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President Roger Hamilton called the meeting to order at 8:03 a.m. and welcomed board members to Energy Trust's Board Strategic Planning Workshop. Roger announced that Dan Enloe is retiring from the board and this will be his last board meeting. John Reynolds, a founding board member, will also exit the board following this meeting. Roger presented certificates to the two retiring board members.

John introduced Dr. Ernesto Fonseca as Energy Trust's newest board member. Ernesto received an architecture degree in Mexico, then attended Arizona State for a master and PhD in environmental design and planning. Ernesto is CEO of Hacienda, which serves the Latino community in Northeast Portland.

### RESOLUTION 836 ELECTING ERNESTO FONSECA TO THE ENERGY TRUST BOARD OF DIRECTORS

#### WHEREAS:

1. Heather Eberhardt resigned her position on the board effective October 12, 2017, due to potential conflicts of interest between her service on the Energy Trust Board of Directors and her employment with PacifiCorp. Her position on the board has remained open and unfilled since that time.
2. The board Nominating Committee has reviewed candidates for the open board seat and nominates Ernesto Fonseca, Ph.D., Executive Director of Hacienda Community Development Corporation in Portland, Oregon to fill Ms. Eberhardt's remaining term.

#### It is therefore RESOLVED:

That the Energy Trust of Oregon, Inc., Board of Directors elects Ernesto Fonseca to the Energy Trust Board of Directors to a term expiring February 2019, subject to all requirements of the Bylaws of Energy Trust.

Moved by: Debbie Kitchin

Seconded by: Anne Root

Vote:            In favor: 8                    Abstained: 0  
                      Opposed: 0

Roger described context for Energy Trust's next strategic plan, including Energy Trust's success in market transformation. Energy Trust may need to reinvent itself. Roger thanked the Board Strategic Planning Committee for planning this retreat and introduced Board Strategic Planning Committee Chair Mark Kendall.

Mark described the agenda, which will begin with a report on performance to Energy Trust's current 2015-2019 Strategic Plan. Energy Trust is on track to exceed 2015-2019 Strategic Plan goals. Mark encouraged board members to consider new opportunities during this workshop, including the learning topic papers prepared by staff. The final proposed 2020-2024 Strategic Plan will be approved at the October 2019 board meeting.

Roger introduced Holly Valkama as the workshop facilitator. Holly also worked on Energy Trust's recent management audit.

Roger asked for public comment. There was no public comment at this time.

*Ruchi Sathir arrived at 8:25 a.m.*

## **Opening Remarks: Workshop Agenda Recap and Strategic Planning Overview**

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Michael Colgrove thanked the Strategic Planning Committee members and staff, and recognized Becky Rein and Whitney Winsor for managing the workshop logistics. Michael described the workshop agenda.

*Eddie Sherman arrived at 8:40 a.m.*

Michael provided context for the board learning topic papers and posters, which are intended to inform board members of pertinent and applicable topics for the 2020-2024 Strategic Plan.

Michael described foundational strategic plan elements, including Energy Trust's vision, mission and purpose, unique value and organizational values.

The board noted that Energy Trust's mission includes the phrase "to those we serve," and asked if the board should examine who it serves as part of strategic plan conversations. Energy Trust creates benefits for people beyond investor-owned utility ratepayers, such as by keeping energy costs low for all ratepayers in the region. Energy Trust could also consider expanding services to other constituents.

## **Strategic Plan Progress Update Year 3**

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Hannah Cruz, senior communications manager, provided a progress update on the first three years of Energy Trust's 2015-2019 Strategic Plan, and requested feedback on what Energy Trust should focus on for 2019, the last year of Energy Trust's current Strategic Plan. Spencer Moersfelder, planning manager, was present to answer questions. Energy Trust's 2015-2019 Strategic Plan goals were to save 240 average megawatts of electricity, save 24 million annual therms of natural gas and generate 10 aMW of clean energy. Other goals were to expand participation, make energy efficiency more affordable, identify new technologies with energy saving potential, provide project development support and incentives for renewable energy projects, remain flexible and open to new opportunities, continuously improve programs and services, and work more efficiently.

Through year three of Energy Trust's 2015-2019 Strategic Plan, Energy Trust achieved 74 percent of the energy efficiency goal, 83 percent of the gas goal and 114 percent of the renewable generation goal. Energy efficiency achievements were influenced by strong new residential and commercial construction and accelerated market acceptance of LEDs.

The board asked if cumulative savings include measure die off. Hannah responded that if measures had less than three-year lives, then die off would be included in savings since 2015.

Hannah continued that when the 2015-2019 Strategic Plan renewable energy goals were set, it was a period of uncertainty. Since then, there has been very strong demand for solar system installations.

The board pointed out that if we exceed Strategic Plan goals by a large margin, it means we could have done a better job of forecasting.

Hannah continued that Northwest Energy Efficiency Alliance began seeking natural gas market transformation beginning in 2015. NEEA and Energy Trust work together to develop and implement new energy efficiency technologies, with NEEA working upstream.

The board asked if NEEA works on efficiency of electric vehicle chargers, including solar electric vehicle charging technology. The board is interested in exploring this technology. Mike Bailey, engineering manager, responded that NEEA has reviewed some chargers, and has seen that the chargers are already extremely energy efficient. NEEA will continue to monitor the efficiency of this technology. The board would like to see Energy Trust incent the least efficient tier of chargers. The board is also interested in exploring vehicle grid integration. Michael summarized that chargers are not cost-effective enough for Energy Trust to support and added that this is a topic under discussion with NEEA's board of directors.

Hannah added that Energy Trust incents solar installations that customers may pair with electric vehicle charging and battery storage. Betsy Kauffman, renewable energy sector lead, explained that Energy Trust is exploring providing incentives for customers that install battery storage in tandem with solar panels.

As an outcome of NEEA's work, new products are put on the market with potential energy efficiency savings that Energy Trust could support. Nest thermostats and Path to Net Zero are example offerings that started as NEEA efforts and are now offered by Energy Trust directly.

The board asked about nanoparticle coatings on solar cells that increase energy production. How would a technology like that flow into Energy Trust's work? Mike Bailey explained that NEEA does not work on renewable energy technologies, so Energy Trust would wait until the technology is available on the market to provide incentives. Peter West, director of energy programs, offered to check into this technology, and reiterated that Energy Trust waits until technologies are commercially ready. The board asked if Energy Trust works with National Renewable Energy Laboratory and Sandia National Laboratories, and Peter responded that Energy Trust has relationships with both.

The board asked if Energy Trust can provide progress to NEEA's achievement of five-year goals. Hannah will follow up with this information.

NEEA is one of the first entities in the nation to explore natural gas market transformation. So far, NEEA has completed market and product assessment for one technology and has moved five additional technologies into the evaluation phase.

Hannah described Energy Trust's progress toward the expand participation goal. To expand participation, Energy Trust is focused on gathering data and building relationships. In 2017, Energy Trust conducted focus groups, including with Latino and Asian American business owners and groups of residential customers. Results indicate there are opportunities to better serve customers, including residential customers earning less than \$75,000 per year. Energy Trust developed a diversity, equity and inclusion lens and operations plan, with input from a consultant.

The board asked if Energy Trust has statistics to measure current and future diversity, equity and inclusion engagement. Hannah explained that current work is to develop benchmarks for reaching underserved customers. The board affirmed that Energy Trust needs a baseline. Michael responded that Energy Trust completed a participation and penetration study in 2017. The board added that Energy Trust should review data with community partners and get input on methodology. Hannah responded that staff are planning to vet data with community-based organizations.

Hannah described Energy Trust's work to improve operational effectiveness through four key processes: internal procurement and payment, incentive processing, customer service and customer information, and energy project tracking. The internal procurement and payment process improvement was put on hold due to staffing constraints, but it is expected to be picked up in 2018 for implementation in 2019. The three other process improvements were advanced last year. An example of a customer service and customer information improvement is improvements to Energy Trust's Find a Contractor online tool that will launch in summer 2018.

The board appreciated Energy Trust's candidness in explaining which processes are off track. The board discussed the term customer, and noted that participants are not technically customers because they do not purchase services from Energy Trust. Hannah explained that participants are customers of the utilities, not Energy Trust. The board concluded that customers is an appropriate term because customers are buying energy efficiency or renewable energy. Another term could be end user.

In 2016, Energy Trust established four improvement areas, including organizational review, lean startup customer development, budget process reassessment, and data and tracking systems enhancements. The board will receive presentations regarding the organizational review and budget process reassessment projects in June.

The board noted that the next Energy Trust management audit is expected in 2019. The board requested that the audit be completed early enough that the results could be incorporated into the 2020-2024 Strategic Plan, which will be approved by the board in October 2019.

Hannah described new opportunities to propel the organization, including complementary initiatives, response to policy initiatives and load and demand management with utilities.

The board asked how smart thermostats are part of load and demand management. Spencer explained that there are several efforts underway to explore smart thermostats for energy efficiency and demand management.

Hannah described staff engagement. Drivers of engagement include future growth, leadership and accountability, rewards and recognition, work alignment and work/life balance. In the 2017 employee staff survey, staff expressed concern about high workloads. The board asked about the threshold of three-quarters of statements with 75 percent or more agreeing. Spencer explained that staff provided answers on a five-point scale, and the organization defined highly engaged as rankings of 4 or 5. Hannah added that a specific threshold was not established in the 2015-2019 Strategic Plan, so evaluation and human resources staff determined this threshold. Greg Stokes, former human resources manager, summarized that it is a five-point scale for question that measures single aspects of engagement. The majority of Energy Trust staff are engaged.

The board appreciated this discussion because staff are Energy Trust's most powerful resource. It's important for a strategic plan to address organizational issues of importance to staff. The board asked about the frequency of the staff survey. It's completed every year. Staff also complete the Oregon Business Magazine 100 Best Nonprofits to Work for in Oregon survey that helps Energy Trust benchmark against other nonprofits on an annual basis. Detailed results of the staff survey are reviewed by the full board.

Hannah asked for input on what Energy Trust should focus on in 2019. The board requested that Energy Trust continue to achieve more renewable energy generation despite already achieving the renewable energy strategic plan goal.

The board is interested in learning more about some of the NEEA emerging technologies. Hannah responded that NEEA gives an annual presentation to the Energy Trust board, and staff can explore adding these details.

The board suggested considering adding the governor's executive order and information sharing to the policy section of the Strategic Plan Dashboard. Staff are currently doing this and can reflect it in next year's dashboard.

The board would like to see more detail about diversity, equity and inclusion and how that work will be continued in 2018 and 2019. The board is interested in understanding how the Portland Clean Energy Fund could impact Energy Trust. The board is also interested in NEEA's consideration of emerging technologies for low- and moderate-income customers. The board asked to receive updates about baselines and marketing opportunities for diversity, equity and inclusion.

The board asked for ongoing board engagement regarding sunset of Senate Bill 1149, and asked if there are new opportunities for Energy Trust.

The board is also curious about complementary initiatives, such as woodstove heat conversations and work with Washington County community action agencies.

The board is interested in mapping demographics and population data to see who Energy Trust is serving, including by income and ethnicity. It's important to see succinct, summarized data visualizations and infographics to easily understand concepts. Mapping tools are of particular interest. interested in mapping tools.

Lisa McGarity, Avista, suggested aligning Energy Trust's strategic planning timeline with its potential three-year budget project. Hannah explained that the board will receive a presentation in June

regarding changing Energy Trust's budget project to a three-year planning cycle. The Board Finance Committee has already received this presentation.

The board took a break from 10:08 to 10:25 a.m.

## **Presentations and Briefings on Final Board Learning Topics**

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Holly introduced presentations on the final three board learning topics and encouraged board discussion. Posters summarizing each topic are available to view during breaks and lunch.

### ***Expanded Goals Supporting Energy Efficiency and Renewable Generation, Debbie Menashe and John Volkman***

Debbie Menashe presented on expanded goals to support energy efficient and renewable generation. The paper describes goal-setting best practices and other goal areas for 2020-2024 Strategic Plan consideration. The first level of goal setting is a vision statement, followed by mission and purpose. Energy Trust's strategic plans have always had goals, most of which were quantitative. In the 2015-2019 Strategic Plan, Energy Trust adopted qualitative goals. It is complex and challenging to measure and track progress against qualitative goals, as is evident in the Strategic Plan Dashboard presentation. In the paper, staff looked at other organizations to see best practices for goal setting, including Oregon Housing and Community Services, Proctor and Gamble and NEEA. NEEA sets strategic goals plus granular and quantifiable metrics within those goals.

Ruchi Sadhir asked about carbon dioxide as an incidental benefit. Even though Energy Trust does not capture the monetary benefit of carbon dioxide reductions, it could be valuable to track. Debbie responded that Energy Trust tracks on carbon dioxide reductions, but the organization does not quantify the monetary benefit.

The board described peak load energy use as a consideration that has emerged since SB 1149. Could the OPUC consider making this part of Energy Trust's work? Debbie responded this could be a topic for discussion today. Michael added that Energy Trust could set a goal with a certain amount of energy efficiency savings from areas with peak constraints.

The board recalled a past discussion about how to balance opportunities for different customer types. For example, the board discussed prioritizing the cheapest energy efficiency opportunities for industrial customers, but decided to balance offerings for all customer types. The organization should to continue to prioritize equity and services for all customer types as it develops the next strategic plan.

The board asked for a reminder of the five renewable energy technologies, which are solar, hydropower, biopower, geopower and wind. Wave energy is not yet developed or reliable enough to support. Oregon is one of only a few states with all five of these renewable generation sources.

### ***Relationship Mapping, Amber Cole***

Amber Cole, director of communications and customer service, presented on relationship mapping. Amber introduced Becky Engel, contract senior communications manager, and Jay Ward, senior community relations manager.

Jay described the broad categories of entities with which Energy Trust has relationships, beginning with the OPUC and immediately followed by the five utilities. Energy Trust has relationships with state

agencies, nonprofits, local governments, schools and universities. Relationship maps can help identify new relationships to help Energy Trust achieve its goals and deliver greater benefits to ratepayers.

Becky Engel described relationship mapping models, beginning with the power and influence model. This model helps organizations prioritize relationships that provide the most benefit, and it is widely used. Another model is the direct and indirect model, which rates relationships across four categories. This model is not as widely used, but it enables evaluation of more dimensions. Based on these two models, Energy Trust created a radar map to visually depict organizations in regards to eight dimensions that relate to Energy Trust's core goals. Dimensions include program delivery; access to customers; access to undeserved customers, data and insights; policy role impacting energy efficiency and renewable energy; access to resources and connections; industry and technology expertise and leadership; brand leverage and credibility; and data and technology resources. These criteria could evolve as the organization's needs and goals change. Mapping helps Energy Trust identify gaps, blind spots and opportunities. The map illustrates the current state of Energy Trust and potential future state as a result of collaboration with a potential organization.

Jay continued that relationships should be mutually beneficial. Energy Trust is looking for intersection of opportunity by looking at goals, mission, priorities, gaps, resources, potential level of investment, duration of engagement and potential risks. Jay described the relationship continuum also presented in the community engagement board learning topic, which ranges from transactional to integrated.

Amber asked the board for feedback on the eight criteria used to map relationships.

The board responded that the map is a useful tool, and they agree that the eight criteria are useful. The board also noted that the tool is somewhat subjective. The board discussed how Energy Trust would weigh the eight criteria. The board noted that trade allies could be categorized as organizations because they help give access to clients. The board applauded the framework, and noted the value of the tool even though it is necessarily subjective.

Ruchi asked how often organizations would be evaluated, noting that organizations change over time.

The board acknowledged that building relationships requires building trust. Culturally specific organizations highly value trust. The board also noted the importance of culturally sensitive engagement. It would be valuable to vet the maps with other organizations to make sure the maps reflect their needs and interests. Michael reiterated that the next step is to explore common goals, and that is where trust and reciprocity emerges. The board acknowledged that the map serves as an inventory of new opportunities, and building trust and partnership is the next step.

The board asked how Energy Trust might model an entity like the legislature. Jay responded that it would make more sense to model relationships with individual legislators. Amber added that staff have not yet applied this map to existing and potential relationships.

The board noted the importance of growing existing relationships as well as identifying new relationships. This is more useful for existing relationships. The board asked about the process for identifying new relationships.

The board liked how graphs show Energy Trust's influence and opportunities, and how multiple visualizations serve different needs.

The board suggested exploring relationship mapping in 2019.

***Efficiency as a Long-Term Resource, Spencer Moersfelder***

Spencer Moersfelder described how Energy Trust forecasts energy efficiency resources. A resource assessment provides an estimate of energy efficiency potential that will result in reduced load on a utility system for use in an Integrated Resource Plan. Energy Trust uses a model to estimate energy efficiency resource potential achievable over a 20-year period. It is a bottom-up approach, starting at the measure level and scaling to a service territory. Energy Trust provides 20-year forecasts to utilities for integrated resource plans (IRPs) about every two years. Resource assessment modeling also informs Energy Trust strategic and program planning.

The resource assessment determines technical potential, achievable potential (which is 85 percent of technical potential) and cost-effective achievable potential. The model is based on both measure-level inputs and utility global inputs. Energy Trust applies the cost-effective screen to determine cost-effective achievable potential. Energy Trust uses the Total Resource Cost test (TRC). If the TRC is greater than 1.0, a measure is cost-effective.

The resource assessment model is continuously improved with measure updates, new measures and new emerging technologies. Energy Trust also compares methods for the resource assessment model with the Northwest Power and Conservation Council (NWPPCC) Seventh Power Plan methodologies.

Energy Trust sets a final deployment of cost-effective achievable potential exogenous to the resource assessment model. The deployment is based on Planning and Programs working together to determine the assumed acquisition rate of savings across the forecast period. Recently, we have been more closely aligning our deployment curves with the curves used by the NWPPCC in their Seven Power Plan. Staff use the approved budget numbers for years one and two. Planning and programs work together to forecast for years three to five. Planning forecasts the long-term acquisition rate for years six through 20.

Energy Trust provides savings projections to utilities in gross, not net. Energy Trust tracks its own performance in net savings.

The board is concerned about bottom-up forecasting because it is based on what is known. As the organization projects further in the future, staff will know less and less. There needs to be some element of top down projection. Spencer noted that staff included a megaproject adder to account for large custom industrial projects that Energy Trust cannot anticipate. The challenge is to put together a reliable and defensible forecast for utility IRPs, but still account for some of the uncertainty.

The board asked if there have been studies that indicate the volume of unanticipated savings. Spencer stated that megaprojects and rapid adoption of technology such as LEDs are the two big influencing variables. It's very difficult to predict when the next transformational technologies will arrive.

The board took a break for lunch from 12:00 to 1:05 p.m. During the lunch break, board members, staff and visitors reviewed the 10 Board Learning Topic posters displayed around the room.

**Contextual Information on Energy Efficiency and Renewable Energy for Planning**

Michael reminded the board that the learning topic papers are available on the Energy Trust website at [www.energytrust.org/strategicplan](http://www.energytrust.org/strategicplan). Over the next year, public documents related to development of the 2020-2024 Strategic Plan will also be located on this web page.

Michael presented information about energy efficiency projections and implications of potential savings related to projected revenue and OPUC performance measures. While the electric efficiency forecast indicates a declining resource potential, there is still a lot of electric efficiency to acquire. Natural gas savings projections continue to indicate high levels of available savings. Michael noted the drop in electric efficiency versus gas efficiency is due to electric market transformation of key technologies.

The board asked what was forecasted in the past and whether it tracks against the forecast curve. Michael noted this year the organization is seeing fewer savings, and especially as LEDs are transformed and no longer a technology that needs Energy Trust support.

The board noted the five-year electric savings goal was originally contemplated to be lower given the forecasts at the time, and in the end the board increased the goal beyond the forecast. Michael agreed with their reasoning at that time. Spencer's presentation didn't speak about timing, yet timing is the most difficult thing to pinpoint. Staff doesn't know when a saturation point or price point will hit, just that it will happen in a certain timeframe. Timing is so important to everything Energy Trust does. Staff has seen the trigger points coming, and now they're happening.

The board asked about cost-effectiveness implications given the forecast. Michael noted Spencer's model factors in cost-effective achievable savings. One analysis conducted by staff looked at expenditures as they stay at a certain level, and with projected savings at a lower level, programs at the portfolio level may not be cost effective. Staff looked at what level of expenditures would be needed to keep programs cost effective. The yellow line of projected expenses is cost effective.

The board noted that in 2020 and 2023, there are similar expenses projected while lower estimated savings, meaning it will cost the same amount to acquire fewer savings.

The board noted cost effectiveness is based on Total Resource Cost (TRC), and asked whether the information displayed is showing that Energy Trust's portion, the cost of delivery, is becoming a larger portion of TRC. Michael confirmed. The board asked if it's the cost of what Energy Trust takes or the overall cost-effectiveness. Michael noted the chart shows net savings, not gross savings for the whole system.

Michael displayed a chart on forecasted expenditures and cost estimates. He noted the chart includes assumptions, such as current levels of funding sources and no adaptive management to manage costs. The slide is shown to indicate the base case.

The board asked whether inflation would increase the public purpose charge since it is a percent of revenue. Michael answered that is not necessarily the case as Energy Trust is funded to the potential energy savings available to acquire. He clarified a degree of carbon pricing is built in as it is included in the various models the utilities use to ultimately develop their utility integrated resource plans (IRPs). IRPs were developed using multiple scenarios, of which, some include a carbon price.

Michael noted the gray line is the 7.75 percent staffing costs performance measure from the OPUC and the yellow line is staffing costs as percent of total expenditures. The yellow line goes up due to

assumptions built into delivery costs. Assuming no adaptive management, the chart indicates Energy Trust could exceed the performance measure in approximately 2021. He said it is important for the board to understand what forecasts are implying for the organization, and asked the board what are some possible ways to respond to this scenario. The board said the information is important to know and understand. The board discussed how Energy Trust could increase savings, reduce costs or ensure costs go further, and not that Energy Trust would need to do so creatively. The board recommended staff reach out to other program administrators to understand how they are working through the same challenge. The board noted the charts also exclude information staff do not yet know, like new technologies and economic growth or contraction.

Michael described future renewable energy generation potential. Unlike energy efficiency, there is not a problem with resource potential. The renewables team manages to its budget, not to the resource potential. Funding is a constraint, not the resource like on efficiency. The renewable energy resource potential is growing. Solar energy systems are getting cheaper. Energy Trust has built a large pipeline of hydropower projects through the irrigation modernization initiative plus biogas projects with municipalities and food processors. The renewables team is a great asset for the organization and the state of Oregon. They have tremendous experience with a range of technologies and over thousands of installed systems.

Michael noted that for the upcoming 2020-2024 Strategic Plan, one of the most important issues for the board to consider is the sunset of SB 1149. Energy efficiency programs can continue past the sunset through the supplemental funding mechanism, which could be used to close the gap left by SB 1149. The renewables funding would sunset as the supplemental funding mechanism is only for efficiency.

Michael listed a series of questions for the board to consider in relation to the sunset of SB 1149, such as when do payments need to be received from renewable energy projects, when are application periods closed, what staffing is needed after the sunset to close out projects with long timelines, and should funds be reserved for any closing costs.

The board noted the state's Renewable Portfolio Standard (RPS) is set to ratchet up over these years. Is there opportunity for utility investments in small-scale renewables? Jed Jorgensen, senior renewables program manager, said the electric utilities subject to RPS are meeting their obligations with projects larger than what Energy Trust supports. He anticipates this trend to continue. The board commented there is potential opportunity with geothermal, particularly in the Klamath Falls area.

Michael concluded his presentation and noted Energy Trust will do what it can to meet the opportunities. His suggestion to the board is to plan for what is known today and manage from there utilizing scenario planning.

## **Public Comment**

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No public comments were received.

*The board took a break from 1:53 – 2:10 p.m.*

## **OPUC Perspective on the 2020-2024 Timeframe and Strategic Plan Development Process**

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Jason Eisdorfer, OPUC utility program director, and Elaine Prause, OPUC senior regulatory advisor, presented to the board. Jason acknowledged the upcoming retirements of board members John Reynolds and Dan Enloe, thanking them for their remarkable public service for the state of Oregon.

Jason and Elaine provided OPUC staff perspective on the upcoming 2020-2024 Strategic Plan. They discussed how Energy Trust's core mission supports the energy goals for the state of Oregon.

Jason said strategic planning is about understanding who you are and who you are not. Energy Trust is one of the most effective, if not the most effective, energy-efficiency organizations in the country. Energy Trust is known nationally as an excellent energy-efficiency acquisition entity and the renewables team's expertise is second to none. Jason implored the board not to forget that and to remember Energy Trust's unique value as the board goes forward with strategic planning. Related is the OPUC's expectation of Energy Trust to deliver energy efficiency and small-scale renewable energy as a resource for customers. Energy Trust is taking the place, in a very real way, for what the utilities used to do in the 1990s. Oregon was one of the first states to understand energy efficiency as a resource and Energy Trust stands in those shoes.

Jason provided OPUC staff perspective on what Energy Trust is not. The board shouldn't forget what Energy Trust does well and shouldn't try to do too many things that are not core to the organization's mission. He said having a limited but focused mission is vitally important, not just to the health of the entity but to the role Energy Trust is serving for the commission. There are many groups who would like Energy Trust to do things that it is not currently doing, while others are wanting the organization's money.

Jason continued that as the board launches into strategic planning, it is the job of OPUC staff to give encouragement. Strategic planning includes resource allocation, including how staff is managed and how the OPUC oversees staffing performance measures. He noted Energy Trust should make sure its stakeholders are coming along with its decisions.

Jason detailed the OPUC's perspective. The OPUC is not a key stakeholder and is a partner with Energy Trust. The history of Energy Trust is entwined with the OPUC itself. In 1999, commissioners Ron Eachus, Roger Hamilton and John Smith kicked off the process that resulted in Energy Trust. That vision launched Energy Trust. In the 1990s, there was a reduction in focus on energy efficiency from the electric utilities specifically due to deregulation on the horizon. There was a natural conflict with the utilities to help customers use less of their product. The approach was to create a third-party, nongovernmental entity unencumbered of that interest, blessed with stable funding and working across multiple utility territories. Jason said looking back at 1999, imagining what Energy Trust would be, the result thus far has exceeded his wildest imagination.

Jason said that while things are changing and Energy Trust must adapt, the fundamental ground rules and expectations have not changed. There are challenges, but who best to work through them if not Energy Trust. He said the board and organization needs to remember its core activities. As savings get harder to acquire, the OPUC is relying on Energy Trust to work out those challenges.

Elaine noted that embarking on a strategic plan is a good time to step back and consider where the organization fits in with Oregon's future. Elaine showed three charts. The first was a Northwest Power and Conservation Council chart from the Seventh Power Plan, which shows energy efficiency as the primary, new energy resource. The green in the chart isn't all Energy Trust, as the power plan is a

regional plan, but the emphasis is on efficiency as the first resource. Elaine noted the second resource is demand response and is needed to address capacity needs in the region.

Elaine showed a second chart from the Oregon Global Warming Commission's 2015 report. Energy efficiency and renewable energy are within the wedge analysis. The state of Oregon is relying on energy efficiency and renewable energy to play a major role in reducing carbon emissions in the future.

Elaine showed the third of three charts, which was from PGE's decarbonization study conducted by Evolved Energy Research. E3 did a similar study for the state of California. The goal of the studies is to show how states can reduce the carbon intensity of the whole energy system. A common theme is energy efficiency is the first pillar of action and is then followed by renewable energy.

Summarizing the charts, Elaine noted energy efficiency and renewable energy success is being counted on. Jason said these two resources aren't going away, they are getting more important to acquire. He noted that if the state legislature were to pass a cap and trade policy, there would be impacts on the market, which may change cost-effectiveness to a degree.

Jason said SB 1149 is expiring in 2026. As the board looks at future changes and risks, the sunset is a risk, but it is a conversation with stakeholders, the OPUC and Energy Trust about matching the state's energy policies and goals with the specific language of the law.

Jason said energy efficiency is an evolving energy resource. With the decline in LEDs and the overall dip in energy efficiency resource, it leads to questions about managing around such an event. This led to controls like new performance measures. First, don't panic when there is a dip in savings. Energy Trust is still acquiring all cost-effective energy efficiency that ratepayers are depending on. To the extent the resource is changing, Energy Trust will have to change, too. And Energy Trust has been doing this. Secondly, the OPUC is going to work with Energy Trust as a partner. To the extent that existing performance measures are no longer reflective of what it takes to deliver a cost-effective resource, the OPUC wants to work with Energy Trust to figure out what those metrics are, and if needed, changes to think about different ways to approach cost-effectiveness needs. The OPUC needs clear communication with Energy Trust and to be brought along. Third, OPUC staff is challenging the energy efficiency forecast. OPUC staff are challenging Energy Trust to dig into the forecast. The more Energy Trust pushes to innovate and be creative, the more successful it will be with the state's goals and the region's goals.

Jason said that as the board goes through the strategic planning process, it must look forward to change that is coming, must adapt and might have to rethink how the organization does things or thinks about new things to do. On one hand, this is very appropriate. On another, it makes the OPUC unsettled. The OPUC relies on Energy Trust to acquire an energy resource. As new opportunities arise that have potential value, OPUC staff want to know. Jason cautioned the board about moving into spaces that are competitive, as Energy Trust is not a competitor. As the organization looks at new opportunities, make sure the role is suitable. When pursuing a wholly new activity, ensure the organization still delivers energy efficiency. Any new activity doesn't excuse the organization from the issues Michael discussed earlier in the workshop. Energy Trust still has to figure out cost-effectiveness and forecasting. If Energy Trust takes on activities that distract from its core mission that is simply something the commission is not interested in. Anything new needs to be additive and cannot detract from the core mission. Jason noted Energy Trust can look at new opportunities as within the ratepayer-funded mission or with new funding. Opportunities might emerge from the SB 978 process. The OPUC

is currently working with Energy Trust staff on developing a set of criteria to be an appropriate screen for new opportunities. For instance, if an opportunity includes additional focus on reaching customers who have yet to be served, that is appropriate. Looking at what's changing and not changing in the next five years is appropriate. The organization needs to figure out how it will adapt to those changes.

In regards to the OPUC's oversight of Energy Trust, Jason said they are willing to modify and adapt as challenges come up and to have Energy Trust staff continue working with them on appropriate metrics.

Jason acknowledged that the world is changing. It is precisely that Energy Trust has been so successful that it has made the future more difficult. Energy Trust is known nationally for figuring this out. Jason said to make sure the bright and shiny object is what Energy Trust is currently delivering. Energy Trust is the envy of states around the country. To the extent you need to make adjustments, the OPUC is here to help and is a partner.

The board noted it is very helpful to hear the OPUC's expectations of Energy Trust. The board questioned whether the total resource cost test could be changed. Also, current legislation and the grant agreement gives Energy Trust responsibility for conservation, not for energy efficiency, which could be inclusive of demand response. Jason noted there is a docket on avoided costs. The total resource cost test is part and parcel of making sure that customers who are paying for services Energy Trust delivers get them as an investment in the system. There are restrictions on cost-effectiveness that the OPUC won't remove, though it doesn't mean they may not evolve. Jason said he still thinks the avoided cost methodology the commission uses in the exception process is worth a lot. Also, note that the OPUC has also been asking similar questions around language and what conservation and efficiency mean.

The board also commented on the appropriateness of faith-based planning, in terms of allowing the sunset of SB 1149 to be worked out by stakeholders or through separate processes. Energy Trust is not a lobbying entity. It has distance from the legislature that makes it difficult to set out a plan, especially with small-scale renewable resources. How should the board plan for this in its strategic planning? Jason said the prohibition on lobbying won't change but that Energy Trust will be a part of the conversation. Distributed generation, storage and demand response are all areas that fall outside of SB 1149. Some of them may be areas where Energy Trust doesn't belong or where Energy Trust could be enormously helpful. Energy Trust will be a part of those conversations.

### **Energy Trust Strengths/Role of Value: Small Group Discussions**

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Holly Valkama described the small group exercise. Board members, staff and participating members of the public are to think through how they would state Energy Trust's unique role of value. What does Energy Trust uniquely deliver as a sustainable value into the market it serves, who does Energy Trust serve in the market and how does it define that market. Is Energy Trust the best organization to play that role? Where is Energy Trust best positioned to deliver services and where is it uniquely set up to do that versus others? Part of what gets the organization there are Energy Trust's strengths. What are those competitive strengths?

The board, staff and audience broke into five tables to explore the following questions:

- What is Energy Trust's unique role of value today?
- What are Energy Trust's competitive strengths?
- What does Energy Trust do better than all or most organizations?

During the report outs, tables were asked to not repeat what others stated, if possible.

Table 1 reported out on Energy Trust's unique role of value, which includes delivering direct value to ratepayers to reduce costs by delivery of programs, infrastructure, systems, world-class staff, expertise, customer relationships and innovating and developing new markets. To support this, Energy Trust is transparent, has a clear mission and focus, has a developed network, has expertise in planning and market analysis, holds strong stakeholder relationships and has a recognizable brand. The organization's indirect value is that it delivers economic and environmental benefits, and it also creates data and information, making it available to the public through evaluations.

Table 2 reported out on Energy Trust's unique role of value and competitive advantage, which comes from a world-class, recognized staff. Energy Trust's staff has longevity, history and institutional knowledge that make the organization responsive to market variability and able to think creatively and strategically. Staff is well-networked in the industry, regionally and nationally, and is able to tap into other ideas externally. Staff have passion around the goals and the mission of the organization and are very engaged to find solutions. Energy Trust has also been acquiring cost-effective energy resources for customers year after year. The organization is able to predict and then meet or exceed goals. Energy Trust has a unique model, and by serving all utilities, can provide a stronger brand and more clarity for customers. There is no conflict of interest between delivering more product and delivering energy efficiency. Energy Trust also does not have to compete for resources against other nonprofits, and this makes it easier to focus on the mission. Finally, transparency and measuring success is another area of unique role of value, aided by clear metrics set by the OPUC.

Table 3 reported out on Energy Trust's unique role of value, which includes providing incentives for behavior change, objectivity, an ability to be focused on energy efficiency and renewable energy, and staying neutral around fuel choice. Energy Trust's competitive strengths are a bridge between policy and customers, and the organization has adaptable and modern IT infrastructure that allows it to integrate new opportunities.

Table 4 reported out on Energy Trust's unique role of value, which included the ability to get better results than utilities do out of the same contractors. The table attributed this to Energy Trust's priorities, clear scope, portfolio approach, and evaluation and adaptation.

Table 5 reported out on Energy Trust's unique role of value and competitive strengths. Energy Trust does not have a conflicted focus and doesn't need to take a profit. Energy Trust has a combination of trust, expertise, experience and neutrality. Together these elements make the organization effective relative to other implementers. Energy Trust serves a variety of customers, geographies and customer classes.

The board, staff and public commented on the exercise. The comment about program management contractors and how Energy Trust is able to get more from them than utilities was interesting. Mining this will help the organization identify what is unique about itself as well as examine the role of in-house versus externally delivered programs. Reputation and brand came up in multiple groups, and is widespread. It was noted Energy Trust should focus more on education and knowledge-building as an asset. Energy Trust also has unique long-term freedom. The organization can negotiate five-year contracts while other state don't go longer than three years. Longer-term relationship building really matters, especially for projects that take multiple years to complete.

Holly hosted a conversation about what has been spurred by the “unique role of value” conversation that the board wants to think about when considering the next strategic planning period. What “role of value” does the board want to focus on?

The board noted it still struggles with forecasting the available resource and knowing that there are unknowns. Is there a methodology for inserting some unknown resource? How does the board make goals that are aggressive and include some things that are not known?

Holly asked the board to look forward to the next strategic plan. Based on what they have heard, what would the board like to see in that plan?

The board discussed incorporating resiliency in the vision. For example, all houses and buildings with solar and maybe storage installed. If there was a Cascadia subduction event, utilities will need time to rebuild and Energy Trust would be there to supply efficiency, renewables and storage in a distributed fashion. The phrase could be “resiliency in all areas of homes, businesses and government.”

The board talked about ways the unique roles of value and strengths mentioned today could be marketed and applied by the organization. Given Energy Trust’s strengths, could it work with other utilities to cover all of Oregon? They have energy efficiency goals, too. The board discussed risk in becoming too complacent, whether achieving goals or planning around the SB 1149 sunset.

Holly Braun, NW Natural, said Portland has a requirement that all homes listed for sale get a home energy score. Is there a way to apply that across the state? If everyone is incented to get a score and develop a long-term plan, that would put everyone on a path to efficiency. This would be an example of leveraging a best practice, a home score.

Fred Gordon, direction of planning and evaluation, noted that Energy Trust has proven that, from a state perspective, the organization has a track record of lean operation and consistent high performance. How does the organization position itself so that whatever legislature and regulatory process develops, it is positioned to be the delivery mechanism?

Lisa McGarity, Avista, talked about expanding complimentary services, such as water conservation or other types of services, into complimentary markets.

Michael noted that he would like to explore how to get Energy Trust’s stakeholders to recognize Energy Trust’s trust, expertise, experience and neutrality so that Energy Trust is not a target.

## **Closing Conversation**

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Holly described the board’s assignment to prepare for the second day of the workshop. The board members should think about what they want the process of building the strategic plan to address or answer. The Strategic Planning Committee wants to make sure the process also answers questions board members have about the organization.

The board commented on the productive day. Board members discussed thinking about resiliency in terms of an off-grid situation, solar and storage, microgrids and other dimensions that are new.

*The board adjourned at 4:45 p.m.*

# Board Meeting Minutes—Annual Board Strategic Planning Workshop

May 18, 2018

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**Board members present:** Susan Brodahl, Dan Enloe, Roger Hamilton, Lindsey Hardy, Mark Kendall, Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root, Eddie Sherman, Steve Bloom (Oregon Public Utility Commission ex officio), Ruchi Sadhir (Oregon Department of Energy)

**Board members absent:** Melissa Cribbins, Janine Benner (Oregon Department of Energy ex officio)

**Staff attending:** Scott Clark, Amber Cole, Michael Colgrove, Sue Fletcher, Fred Gordon, Steve Lacey, Debbie Menashe, Becky Rein, Greg Stokes, Julianne Thacher, John Volkman, Peter West

**Others attending:** Anne Snyder Grassman (Portland General Electric), Rick Hodges (NW Natural), Elaine Prause (OPUC), Holly Braun (NW Natural), Lisa McGarity (Avista), Jason Eisdorfer (OPUC), Tammy Louford (NW Natural), Mathew Doyle (NW Natural), Bill Edmonds (NW Natural), John Charles (Cascade Policy Institute)

## Board Discussion: Beginning the Energy Trust 2020-2024 Strategic Planning Process

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Holly opened the meeting at 8:06 a.m. The agenda today is to set goals.

The board discussed setting goals for Energy Trust's 2015-2019 Strategic Plan. What is the size of available efficiency, and how much of that could Energy Trust achieve? The board considered consequences of failing to meet goals. The board preferred dynamic goals appropriate for the market and policy climate that Energy Trust operates in.

The board discussed a potential partnership with Oregon Economic Development Association, utilities and others to help incent companies to locate in Oregon.

The board discussed the staff engagement metric, which could be new or different.

Ruchi reiterated that Energy Trust should be sufficiently dynamic to respond to policy dynamics while also maintaining Energy Trust's core work.

The board discussed diversity, equity and inclusion metrics in the next strategic plan, and asked about current diversity, equity and inclusion metrics.

The board would like to see the next set of goals incorporate insights from Energy Trust's next management audit. That could include looking at how diversity, equity and inclusion is integrated into program decision making.

The board discussed the importance of behavioral offerings, which are an important part of energy efficiency. In a big earthquake, resilience will depend on people using less and doing more with what they have. That's behavioral. On the other hand, more behavioral offerings could pose a marketing challenge because people don't like to be told what to do.

The board noted that Energy Trust has an opportunity with data. Can Energy Trust do more with data as a resource and product for other entities?

If Energy Trust wants a bigger percentage of the available efficiency, it needs to know where it is not getting savings and why. Who is underserved and why? How does Energy Trust get to renters and low- and moderate-income customers who could benefit from energy efficiency and renewable energy but are struggling to make ends meet in Oregon right now?

What is Energy Trust's role in education? Do we have a broader education goal? Steve responded that Energy Trust needs to educate and increase awareness of Energy Trust. Energy bills don't say Energy Trust—they say public purpose charge. People who do not directly participate in Energy Trust don't know that it exists, what it offers and how it benefits people. There's an opportunity to educate people about resilience. Resilience may appeal to people who are not interested in conservation. Natural disasters are a good news hook.

Energy Trust has great advertising on TV and the marketing department is strong, but funds are limited. If they have more budget, they can do more marketing. The board discussed public relations as an alternative to marketing and noted that public relations also requires financial resources. Ruchi added that partnerships are a good way to increase awareness, such as having the Oregon Department of Energy refer people inquiring about tax credits to go to Energy Trust.

The board would like to see the strategic plan address specific, actionable and measurable goals and objectives.

The board is interested in understanding how Energy Trust is marketing to diverse customers in culturally sensitive ways, such as by translating materials. Energy Trust has done studies to understand how people around the state learn about Energy Trust. Energy Trust needs to better understand spillover.

The board noted that many organizations are values-driven. How does Energy Trust educate stakeholders about its values? How does Energy Trust change behavior in ways that resonates with different audiences, such as protecting the environment, preserving resources and developing a more sustainable society? Holly described values as internal, but they are also connected to external perception. What is the consistent and enduring perception that people have when they interact with Energy Trust? The board acknowledged that organizational values drive an organization's brand and reputation. Values questions are important and will directly impact Energy Trust's brand and value to the community. Community-based organizations want to know if Energy Trust shares their values. The board affirmed that Energy Trust's reputation must be authentic and based on its core values.

The board discussed the "those we serve" section of Energy Trust's mission. How does Energy Trust quantify its value to people beyond direct participants? For example, in Bend, the local utility got so many calls in response to Energy Trust's promotions that they began offering free efficient light bulbs.

## **Role of Scenarios in Energy Trust Strategic Planning**

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Michael introduced several scenarios for the strategic plan. Energy Trust doesn't have sufficient resources to plan for every possible scenario, so it needs to select a likely path and then be prepared to make changes as needed. Staff want board thinking about the future landscape to inform this scenario development. Michael asked the board to focus on three key drivers: policy and regulatory environment, efficiency potential, and workforce and talent.

The first driver is efficiency potential as forecast in Integrated Resource Plans. This is the X axis and will be used as a baseline. This could be influenced by factors such as cost of energy or changes to the economy.

The next driver is policy and regulatory environment. If the policy and regulatory environment stays the same, Energy Trust will be at zero.

The board discussed what it would mean for the policy and regulatory environment to stay the same, and decided it means that SB 1149 funding would be maintained past the sunset date and there would be no big codes and standards changes. Changes could include a cap and trade policy, tax on fuels imports and changes to federal policy. Another change could be extending Energy Trust's measures to include batteries or other new technologies.

Michael described potential policy scenarios, including sunset of SB 1149 funding or increased locational value attributed to energy efficiency. These factors would move Energy Trust up and down the policy and regulatory environment Y axis.

The Z axis is workforce and talent. This could include trade allies.

Michael continued that this tool will be used to map the influence of drivers on Energy Trust's base case. As part of strategic planning, Energy Trust should ask if it can influence any of these factors. Energy Trust doesn't have influence over the policy and regulatory environment, little influence over efficiency potential, and no influence over workforce and talent.

The first scenario is the efficiency potential base case shared yesterday, which includes no changes to policy and regulatory environment and no changes to workforce and talent. Scenario two is a more beneficial policy and regulatory environment, more efficiency potential and more workforce and talent. The third scenario is for efficiency potential to decrease (such as due to economic downturn), a less favorable policy and regulatory environment (such as through sunset of SB 1149), and no changes to the talent pool. The purpose of these scenarios is to understand if Energy Trust can achieve goals under different sets of circumstances.

Energy Trust's current organizational review project team is tasked with assessing the organization's processes and structures and to make recommendations to ensure that the organization is flexible and dynamic. This is to help Energy Trust adapt to an uncertain future. The board will see those recommendations along with the budget process recommendations at the June board meeting.

The board asked about the potential impact of the workforce and talent dimension. Policy and efficiency potential could have a huge impact on Energy Trust, but workforce and talent seems to have a less clear influence. How much of a constraint is workforce and talent on Energy Trust's ability to meet goals? Workforce also includes market and trade ally workforce. The organization needs pick which drivers will have the biggest impact.

The board observed that Energy Trust has three goals in the strategic plan regarding energy: electricity savings, gas savings and renewable generation. Should the strategic plan start with those numbers first and then rely on staff to figure out how to achieve them. Does Energy Trust need to establish quantitative goals? Should goals be determined before or after scenarios are evaluated? Holly suggested an iterative process that include consideration of environmental factors.

The board returned to discussion of the workforce and talent access, noting that an economic recession could result in more available labor. The board suggested Energy Trust consider financing programs at community colleges to build up potential trade ally workforce.

Holly responded to the question about potential impact on workforce and talent, and asked if there other dimensions the board thinks could have a greater impact on Energy Trust.

The board noted Energy Trust should rely on intelligence from partners in the market. The board also suggested Energy Trust should pay attention to and anticipate policy changes in advance. There are things staff can't predict, but the organization needs to be prepared to respond.

Michael responded that all drivers are predictions and none are certain. When we talk about all possible drivers, the question is which scenarios the next strategic plan should address. That's a matter of deciding which scenarios are most likely to happen. The board asked about natural disasters and cyberattacks as potential drivers. Michael responded that Energy Trust may not be the best entity to address a scenario like natural disasters. If Energy Trust has a minor role in planning for an unlikely event, how much time should Energy Trust spend planning for that? Holly added that the job of the strategic plan is to decide what Energy Trust should focus on. Through the strategic planning process, the board will also identify indicators that prompt a re-evaluation of the plan.

The board commented that Energy Trust needs to determine both the size of the energy savings potential and its ability to capture that potential. Regulatory and policy could influence both the potential and Energy Trust's ability to influence that potential. Workforce is one component of the organization's ability to influence that potential, but a broader category is needed.

Ruchi observed that many organizations are working on resilience, and gaps could be filled by better coordination. There is a relationship between policy and regulatory and workforce because there's a greater emphasis on the next state budget on workshop development support.

The board asked if fuel pricing is included in the regulatory environment. Michael responded that fuel pricing is included in the regulatory and policy access and in IRPs. Should fuel costs be added as a driver because they have a large impact on Energy Trust?

The board brought up local government interest and engagement as a factor of influence. More communities are developing sustainability plans. Sustainability, resilience and energy are all interwoven into community planning, and Energy Trust could do more community engagement regarding these plans.

The board suggested other important drivers, including the economy and demographic trends, and noted that the federal regulatory and policy environment is very difficult to predict.

Holly asked if the board wants to test any boundaries as it develops its next strategic plan. The board asked if the plan should assume that Energy Trust will be funded through the public purpose charge or through new, additional funding sources, and Holly responded that this is an example of a boundary that the board needs to determine.

The board acknowledged that 25 percent of Oregon ratepayers are not customers of Energy Trust. They are free riders who benefit from Energy Trust. Energy Trust could quantify or describe the benefit to these non-Energy Trust customers. Holly asked if the board wants to expand Energy Trust's geographic boundaries, and the board noted Energy Trust already serves customers in Washington. Michael explained that Energy Trust's contract with NW Natural to serve Southwest Washington customers is renewed annually.

The board clarified that the OPUC has no jurisdiction over the public utility districts and municipal utility districts. Those programs contract with Bonneville Power Administration to deliver energy efficiency programs. Idaho Power is the only investor-owned utility that Energy Trust does not serve, and there are very few Idaho Power customers in Eastern Oregon. The board wondered if Energy Trust would need permission from the OPUC to serve other territories, and noted that in the past the OPUC has been concerned about diluting Energy Trust's focus on Oregon ratepayers. Funding for other new locations would need to come from a non-public purpose charge source. Should Energy Trust start fundraising to build up seed funding for new efforts?

The board is interested in exploring boundaries regarding geographic service area, but does not want to test them right away. Energy Trust should investigate the boundaries in its grant agreement. There may be opportunities that have not been fully explored. The board appreciated Jason Eisdorfer's guidance that Energy Trust should focus on its strengths. Steve added that there are potential risks to Energy Trust exploring new funding sources. Ruchi agreed that Energy Trust should be cautious, and suggested that current work in Washington could be used as a successful model of serving new territory. If Energy Trust can serve more customers, including underserved communities that are already paying public purpose charge, Energy Trust should focus on that rather than expanding geographic reach. Steve added that Energy Trust should communicate more with the legislature to make sure legislators understand the organization's mission, achievement and benefits.

The board asked how Energy Trust should leverage relationships with partners in the marketplace, noting that Energy Trust has a well-developed network of trade allies and local governments. How does the organization strategically leverage those relationships to give us deeper and wider reach? Steve has been impressed with the engagement of trade allies and local businesses.

The board suggested that one scenario should pessimistic forecast and predict a decline in funding, and encouraged exploring partnerships with public and municipal utility districts. Steve cautioned that it will be difficult to partners with these entities. Michael noted that Energy Trust could make public and municipal utility districts aware that they could hire Energy Trust to run their energy efficiency programs.

The board asked about the impact of helping customers disconnect from the power grid, noting that it reduces the number of utility ratepayers.

Michael continued that there are significant potential challenges ahead, such as the sunset of SB 1149. What other boundaries are there regarding policy changes? Energy Trust should also think about boundaries of our core mission.

The board reiterated that there are many more emerging behavioral energy efficiency opportunities. If resource potential is going to diminish, Energy Trust should not assume it needs fewer staff. More staff would be needed to achieve harder-to-acquire energy efficiency resources. Even if Energy Trust

acquires savings that are outside of the cost-effective threshold, efficiency would still be less costly than other sources of energy.

The board restated that Energy Trust's mission says "to those we serve." Should the board start by establishing who Energy Trust serves? There are two ways to read that statement, as eligible participants and direct participants. There are benefits for everybody. Ruchi agreed that Energy Trust's work provides benefits in addition to direct program delivery. For example, Energy Trust's data and analysis is a resource for other agencies. This offers benefit and value to customers outside of investor-owned utility jurisdictions.

Should Energy Trust target efforts to customers that are willing to invest in energy savings rather than convincing people who are not already interested? Michael responded that this question is relevant to our locational load management work. Should Energy Trust focus on areas where the need is greatest? Energy Trust should pursue energy savings for all customers regardless of income.

## **Public Comment**

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*Eddie returned to the meeting at 10:05 a.m.*

Holly invited public comment.

Holly Braun, NW Natural, appreciated the comment about partnering with organizations for marketing. I encourage Energy Trust to consider utilities as its strongest marketing partners. Customers need to understand that there are incentives and services for energy efficiency. It's not as important that they know about Energy Trust. It's remiss to spend marketing money to increase awareness of Energy Trust. Customers should know to work with their utilities to access energy efficiency. The board agreed that Energy Trust could do more cobranded marketing with utilities.

Lisa McGarity, Avista, added its most important is helping customers see the value of energy savings. Energy Trust should go after laggards and understand why they aren't participating. For Avista, conservation programs are a positive and valuable connection point with customers. Lisa suggested Energy Trust focus marketing on communicating the benefit for customers and participants. What's in it for them?

The board asked Lisa if she thinks there's more resource potential from customers, and noted that human motivation could be an axis of influence. Lisa responded that IRPs don't take into account human motivations.

John Charles, Cascade Policy Institute, observed that biannual PPC reports are not widely read by legislators. They show the energy savings and where the PPC money went. If you take all of the claimed benefits and divide it by the money spent, there has been a steady decline in benefit cost ratios across all programs and all administrators. The biggest decline has been with Energy Trust. The benefit cost ratio for Energy Trust is now barely above one. John does not think it's productive to speculate about extension of SB 1149. You should assume that the SB 1149 sunset will take place, not assume it will be extended. Some legislators might think that the PPC should sunset sooner. Energy Trust has accomplished its work already. You should control what you can—reducing costs and increasing benefits. John also noted that Energy Trust is a nonprofit and nothing prohibits the organization from fundraising to generate another less constrained revenue stream. For now, Energy Trust should focus on its mission. The board responded that Energy Trust is exploring alternative funding strategies, and

noted that there are many non-quantifiable energy efficiency benefits. A numerical cost benefit analysis doesn't adequately portray all of benefits. The board thanked John for his continued attention to Energy Trust.

Anne Snyder-Grassman, PGE, suggest Energy Trust keep energy efficiency, participation and decarbonization in mind as it develops its next strategic plan. Energy Trust should market to repeat customers, and should keep in mind that utilities are partners and can help Energy Trust achieve goals and reach new customers. The board asked Anne about the success of loans for energy efficiency projects paid back through utility bills on-bill financing. PGE has concerns about on-bill financing for low-income customers because it adds to debt. Holly added that NW Natural has more customers dropping off and repaying loans than are signing up, so over time there are fewer and fewer on-bill financing customers.

*The board took a break from 10:20 to 10:40 a.m.*

## **Proposed Timeline and Process Plan for 2020-2024 Strategic Plan Development**

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Roger called the meeting to order and acknowledge John and Dan as retiring board members. Eddie shared a practice of awarding recognition to community members that support Native American communities. Eddie brought necklaces for Dan and John to thank them for their contributions.

Mark introduced Debbie Menashe to share the timeline and next steps for the 2020-2024 Strategic Plan. By May 2018, Energy Trust should have a draft plan available for stakeholders to review and provide input. Debbie explained that the board will debrief after this workshop at its June board meeting. Staff will develop a detailed Strategic Plan schedule in summer 2018, and will share it with the board at the October 2018 board meeting. Staff will iterate with the board in winter and spring of 2019 to arrive at a draft plan in May 2019. There will be a long legislative session in 2019, which will provide more information about drivers.

Mark added that the Strategic Plan Committee will have a more detailed work plan to share with the board in summer and fall, including stakeholder outreach. The board supports engaging Conservation Advisory Council and Renewable Energy Advisory Council early in the process so they can provide substantive input that can be incorporate into the plan. The work plan should also include specific engagement opportunities for the OPUC and the utilities. The board asked if the schedule allows for enough discussion and consultation with stakeholders.

The board acknowledged Oregon Department of Energy's contributions to this workshop, and wants to ensure the strategic plan synchronizes with the upcoming Oregon Department of Energy state energy plan.

The board liked the axis strategic scenario planning, and suggested Energy Trust stretch to reach the limits of capability. The board made suggestions to improve the readability of the graph indicating drivers.

The board asked when the board will narrow the considerations suggested today. The strategic planning committee will debrief and unpack this content at its next meeting, and will bring distilled, organized and prioritized content back to the board in June.

## Summary of Big Takeaways and Next Steps

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John Volkman, general counsel, summarized key takeaways from the board workshop.

Yesterday, board members expressed that one of Energy Trust's value is its clarity and focus. Another value is the talent of Energy Trust staff. Another strength of Energy Trust is it doesn't have to spend time on fundraising. Yesterday the OPUC reminded the board that the OPUC and Oregon Department of Energy are pioneers and champions of energy conservation and demand-side management, and they are pleased to see Energy Trust's success at meeting its goals. The task of strategic planning is to balance those factors—continuing to do what's made us successful and also adapting to a new world with different technologies, resources and industry. Planning for uncertainty is key to strategic plan.

Today, board members expressed desire for specific and clear goals. Goals should continue to be ambitious, and they should work in an uncertain environment. The strategic plan should provide clarity about Energy Trust's role in education about energy efficiency and increasing awareness of Energy Trust. The strategic plan should talk about how Energy Trust interacts with different communities and cultures. The board did not have objections to the concept of scenario planning. Energy efficiency resource and policy drivers resonate with the board, and the board is less sure of how or if workforce is a key driver. The board did not suggest Energy Trust stray too far from its core mission. The board wants to know how Energy Trust is reaching different communities and if not, why not. Ruchi mentioned that Energy Trust's NW Natural Washington contracting model might be a paradigm that could be used for other kinds of work Energy Trust could do. Was there anything else critical?

Ruchi asked about the process in scenario planning for identifying and tracking key drivers, especially on the policy axis. That could be a large scope of work. Michael asked Holly how important it is to know the details beneath the net impact of key drivers. Holly responded that the organization needs to understand the descriptors for each scenario. Descriptors will help Energy Trust define its role and will inform strategies.

The board likes the scenario concept but doesn't want to explore too many scenarios. Energy Trust could describe the worst and best case scenario, or it could define multiple scenarios. Holly responded that most organizations identify a most likely scenario, and then consider less likely scenarios to determine which scenarios pose high enough risk that some degree of planning is necessary. For example, a big earthquake isn't Energy Trust's focus, but it's such a disruptive event that a strategy is needed in case it occurs.

The board added that discussion included high-priority takeaways for 2019, such as exploring use of the mapping relationships tool. Michael responded that staff are keeping a list of initiative ideas. On Tuesday, Management Team will look at initiative ideas surfaced by board and staff and prioritize them. This is the beginning of the business planning process. An initial prioritized list will be presented at the July board meeting in Klamath Falls.

The board wanted to ensure that the ideas surfaced will live on and not be shelved. Amber noted that staff will explore educational opportunities. Michael added that these ideas will go into the strategic plan and will also go into the new board member orientation and new staff orientation.

The board appreciated the board learning topics and posters, noting they provide a unified set of definitions for conversation, and requested they be available during all board meetings.

## **Closing Comments**

Roger appreciated the active participation of board members in this retreat. Mark appreciated the work of staff. Michael thanked board members for engagement and staff for all of the preparation. Michael thanked Dan and John for their service and contributions to Energy Trust.

*The board adjourned at 11:26 a.m.*

/s/ Mark Kendall

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Mark Kendall, Secretary