

Board Meeting Minutes—161st Meeting

November 14, 2018

Board members present: Susan Brodahl, Ernesto Fonseca, Roger Hamilton, Lindsey Hardy, Eric, Hayes, Elee Jen, Mark Kendall, Debbie Kitchin, Henry Lorenzen, Alan Meyer, Anne Root, Roland Riser, Steve Bloom (OPUC ex officio), Janine Benner (Oregon Department of Energy special advisor)

Board members absent: Melissa Cribbins

Staff attending: Mike Colgrove, Amber Cole, Debbie Menashe, Cheryle Easton, Hannah Cruz, Steve Lacey, Peter West, Fred Gordon, Betsy Kauffman, Thad Roth, Jed Jorgensen, Adam Bartini, Sarah Castor, Erika Kociolek, Lily Xu, Amanda Potter, Phil Degens, Dave Moldal, Zach Sippel, Allison Briden, Sue Fletcher, Julianne Thacher, Alex Novie, Dan Rubado, Andy Griguhn, Kenji Spielman, Kate Wellington, Ryan Crews, Golanz Moini, Oliver Kesting, Brigid Gormley, Mike Bailey

Others attending: Marc Thalacker (Three Sisters Irrigation District), Anna Kim (OPUC), Brendan McCarthy (PGE), Jason Eisdorfer (OPUC), Whitney Rideout (Evergreen Consulting Group), Miranda Bonifield (Cascade Policy Institute), Joe Marcotte (Lockheed Martin)

Business Meeting

Roger Hamilton called the meeting to order at 10:31 a.m. Reminder that consent agenda items can be changed to regular agenda items at any time.

Consent Agenda

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

MOTION: Approve consent agenda

Consent agenda includes:

1. October 17, 2018, board meeting minutes

Moved by: Roland Risser

Seconded by: Anne Root

Vote: In favor: 11

Abstained: 0

Opposed: 0

General Public Comments

There were no public comments.

Susan Brodahl and Janine Benner joined the meeting at 10:34 a.m.

President's Report

Roger and Michael Colgrove reminded the board that there will be a second orientation training for the full board, which will soon be scheduled. Roger said the diversity, equity and inclusion training attended by staff and the board yesterday was very helpful to him and a good opportunity to get to know the staff at Energy Trust. He said more opportunities for board members and staff to interact is needed.

Roger highlighted a Regulatory Assistance Project report titled "Beneficial electrification: Electrification in the Public Interest". The report focused on how to increase electrification without adversely impacting other efforts, like energy efficiency.

Roger described the RAP report comparison of an oil water heater to a heat pump water heater, with the latter technology saving more than \$2,000 a year and emitting 1,200 pounds less carbon dioxide a year compared to the oil water heater. As solar and wind become less expensive, electric utilities will have a cleaner emissions profile, and heat pump water heaters can be used for grid management.

Roger noted efficiency still needs to be invested in first. Even renewables create emissions in the manufacturing and service process. Efficiency ensures only the needed energy is generated. And efficiency is needed across all fuel types, including gasoline. Similar to the water heater example, charging of electric vehicles should be aligned with when the grid is handling excess renewable energy generation.

Janine announced the Oregon Biennial Energy Report was completed recently and is available on the Oregon Department of Energy website. The report includes many of the topics Roger noted in his President's Report and from Oregon's perspective. Janine expressed appreciation for Energy Trust staff and board feedback during development of the report.

Staff Report

Draft 2019 Budget—Summary of Public Comments Received

Mike delivered a progress update on the development of Energy Trust's 2019 Budget and 2019-2020 Action Plan. Through the public comment process on the draft budget and action plan that closed October 31, Energy Trust received feedback from the OPUC, five funding utilities, City of Portland, Earth Advantage, Neil Kelly and other stakeholders and members of the public. Utility feedback was generally supportive of the budget and action plan. Utilities expressed concern with the decreasing savings and increasing levelized costs, staffing costs, and administrative and program support costs.

Comments from other stakeholders and members of the public were more specific. Examples include the City of Portland requesting the data coming from the Home Energy Score and Commercial Energy Benchmarking programs be used to drive project activity. There were requests for more support for residential solar, weatherization and Spanish-translated materials. Prisma Point expressed dissatisfaction with Energy Trust's progress on diversity, equity and inclusion.

The OPUC staff comments affirmed many activities Energy Trust is planning on completing. Mike noted he presented the draft budget to the commissioners last week, where they adopted OPUC staff recommendations on the budget. Mike displayed the recommendations. He thanked OPUC staff member and Energy Trust liaison Anna Kim for her review of the budget and thoughtful comments.

Mike highlighted next steps in the budget process. Adjustments to the draft budget are underway. Revenues have changed and reflect final utility funding agreements. Expenditures are expected to increase about \$670,000. Some action plans have been adjusted in response to public comments. For instance, the City of Portland's comments led to changes in the residential and Existing Buildings action plans.

Staff will respond to all comments and include the responses in the final proposed budget materials available December 7. The board will vote on the final proposed budget at its December 14 meeting.

ACEEE 2018 State Scorecard Rankings Update

Mike noted Oregon's recent seventh-placed ranking by the American Council for an Energy-Efficient Economy. Last year, Oregon ranked fifth. A brief analysis by staff indicated other states' activities led to their rankings improving; specifically, Connecticut and New York, which were ranked fifth and sixth.

The board asked which states have a public purpose charge or a similar model? Mike said most states have government mandates or requirements to compel utilities to invest in efficiency.

Irrigation Modernization Update

Jed Jorgensen highlighted a significant achievement over the past month for irrigation modernization efforts. Tumalo Irrigation District and other districts in the Deschutes Basin were successful in getting about \$75 million in federal funds through the Natural Resources Conservation Service (NRCS) under the U.S. Department of Agriculture. Of that, nearly \$30 million is for Tumalo Irrigation District to help pipe open canals over the next 10 years. Energy Trust and Farmers Conservation Alliance were an important contributor to securing the funding.

Jed said NRCS so far has been the second biggest funder for irrigation modernization projects, after Energy Trust. Now with this federal funding, they are the largest funder. U.S. Sen. Merkley is a key supporter.

The board said the funding announcement is a win for Energy Trust, the districts and the state, and asked if non-energy benefits will be tracked. Jed noted non-energy benefits are quantified through the initial assessment process where they are catalogued and used to secure funding beyond Energy Trust funding for hydropower or energy efficiency.

Portland Clean Energy Initiative

Mike noted Portland residents passed the Portland Clean Energy Initiative during the elections last week. The program will collect about \$30 million, according to initiative-backers, from certain retailers to invest in energy efficiency, renewable energy and other projects. The funds are specifically intended to support communities of color, low-income Portlanders and other disadvantaged communities. Energy Trust looks forward to working with the city and committee when it is formed. The efforts to be supported by the new fund are very complementary to Energy Trust's mission and programs.

Planning and Evaluation***End Use Load Research Project Annual Update***

Sarah Castor and Erika Kocielek presented on the Northwest Energy Efficiency Alliance's End Use Load Research project. The study is a \$12.5 million regional project that will meter residential and commercial electric end uses. The key outcome is determining load profiles for use in efficiency programs. The project is led by NEEA and there are 12 funders, including Energy Trust. When the board authorized funding for the study in July 2017, annual updates were requested. Erika and Sarah serve on the working group for the project, and Mike is the chair of the steering committee for the project.

Erika described load profiles, which indicate when energy is being used. Having accurate load profiles helps Energy Trust value energy savings differently based on time of day or time of year. However, currently, load profile information is not robust. Energy Trust and other utilities are still relying on older data or data from outside the Pacific Northwest; one issue with older data is that technologies and usage patterns have changed, and one issue with data from outside the Pacific Northwest is that technologies and usage patterns may differ from this region.

The residential component of the project will include metering approximately 400 homes that have one or more of the following six technologies: baseboard heat, electric furnaces, ductless heat pumps, ducted heat pumps, central air conditioning and heat pump water heaters. Other end uses will be metered when possible. These six technologies are end uses for which efficiency programs need improved load profiles. Metering equipment will be installed in at least 75 homes by the end of 2018.

The commercial component of the project will include metering 75-125 buildings. The lower number of sites is because it costs more to meter in commercial buildings compared to residential homes. Office and retail buildings with heat pumps, electric resistance heat and rooftop units will be targeted. Other end uses will be metered when possible. Offices and retail buildings are responsible for the most energy usage in the region and they are more homogenous (meaning that data will be more reliable

with a smaller error band). The RFP process to select a contractor for the commercial component of the study is expected to be complete by the end of 2018.

Overall, the project is expected to complete by 2024 and as data become available, updated load profiles will be sent to programs for use.

The board asked how commercial buildings will be selected, and if energy management systems will be utilized for data collection. Sarah said the sample will come from the Commercial Building Stock Assessment and staff expect to leverage energy management systems for data collection when possible.

The board asked what main questions will be answered with this study and how will the data be used. Sarah said the most critical thing the region is looking to learn is how these targeted end uses respond to fluctuating weather and temperature, and how much energy they really use throughout the day and year. This will help implementers understand how to reduce load through programs.

The board asked how thermal comfort will be measured. The contractors will be measuring relative humidity and indoor temperature and collecting demographic information about the occupants. NEEA will not be making assumptions about changes to occupant comfort; they are looking to understand how people operate their homes and buildings.

The board asked what age of buildings are being targeted. Sarah said there is not an explicit quota on home or equipment vintage. NEEA is looking for a varied sample of homes and commercial buildings.

The board noted residential energy use is very much linked to thermal comfort and financial capabilities. Some families will turn off or down the temperature based on income. If the study doesn't collect income data, it will be difficult to rely on kilowatt hours and dollars to understand energy use behaviors that are due to income constraints. On the residential portion of the study, having zip codes and income will be ideal. Sarah agreed. Sarah noted that NEEA will do annual surveys with occupants to see what, if anything, is changing regarding how they are operating their home or building, such as a change in the number of occupants.

Sarah said staff and Evaluation Committee will discuss frequency of committee updates as the study progresses.

Execute a Contract with Michaels Energy—R857

Erika Kociolek introduced the resolution. Energy Trust regularly performs impact evaluations to ensure savings estimates are sound. A key output of impact evaluations are realization rates, which are used in program planning, budgeting and true up. Earlier this year, Energy Trust solicited responses for an impact evaluation of the Production Efficiency program, covering the 2016 and 2017 program years. Michaels Energy was selected to complete this evaluation based on their experience evaluating industrial programs, their experience evaluating Strategic Energy Management and their proposed approach. Energy Trust contracted with them for an initial phase of work, which included putting together a work plan, list of sampled sites, site-specific evaluation plans and interview guides. The second phase of the scope of work will put the contract above the \$500,000 contract signing threshold for the executive director and needs board approval. This second phase will entail conducting site visits and interviews, impact analysis and reporting. The cost for this evaluation is in-line with other evaluations of similar scope.

The board asked how often the evaluations are conducted, noting that costs are typically lower if longer periods of time are evaluated at once instead of incrementally. Erika said the timeframe depends on when prior evaluations were completed and when there is staff availability to support another evaluation. Staff strive to evaluate projects about a year after completion.

**RESOLUTION 857
AUTHORIZING THE EXECUTIVE DIRECTOR
TO EXECUTE A CONTRACT WITH MICHAELS ENERGY**

WHEREAS:

1. **Following a competitive solicitation process conducted in July 2018, Michaels Energy was awarded the contract to conduct an impact evaluation for Energy Trust’s Production Efficiency program, covering program years 2016-2017.**
2. **The scope of the impact evaluation will cover work planning and sample design; reviewing project files and developing site- and project-specific evaluation plans; data collection; impact analysis; and reporting of savings results, observations and recommendations for program improvement.**
3. **The expected budget for the contract is \$600,000, which exceeds the executive director’s signature authority and requires board of directors’ approval.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc., hereby authorizes the executive director to sign an amended contract for evaluation services for the 2016-2017 Production Efficiency program impact evaluation with Michaels Energy with a budget of up to \$600,000.

Moved by: Roland Risser

Seconded by: Debbie Kitchin

Vote: In favor: 12

Abstained: 0

Opposed: 0

Energy Programs

Authorize Additional Incentives for a 300-kW Hydropower Project Funding Agreement—R858

Jed Jorgensen introduced the resolution. Jed manages the Irrigation Modernization initiative within the Other Renewables program. He introduced Marc Thalacker, manager of Three Sisters Irrigation District, and noted Lily Xu reviewed the project. The resolution requests an additional \$225,000 incentive for the Three Sisters Irrigation District project, which came to the board about a year ago for the initial incentive approval. Since then, the project experienced some challenges that led to increased project costs, increased above-market costs and a request for a larger incentive.

The McKenzie project is the district’s third small-scale hydropower project. It is a 300-kW system with \$1.43 million in capital costs. The board authorized a \$640,000 incentive last year. Since then, the project faced challenges on wheeling the power from the site to PGE. The district is in Central Electric Co-op territory and needs to deliver power to PGE or Pacific Power through Central Electric Co-op and BPA to receive an Energy Trust incentive. When the board approved the incentive last year, the district was still evaluating which utility to deliver power to and anticipated signing a power purchase agreement with PGE. However, because PGE’s wheeling reconciliation policy is different than Pacific Power’s, the revenue received for generation is less. During the time it took the district to investigate this issue and many related issues concerning wheeling and system balancing, and compare each utility, the avoided cost rates Pacific Power offers for these projects was reduced. These cascading factors are what caused the project costs to increase, revenues to decrease and above-market costs to increase.

Based on this change in the above-market cost, Energy Trust staff propose an increase in the incentive from a total of \$640,000 to \$865,000 that would be paid in five installments at commercial operation and generating milestones. The district has a strong track record, the project will bring significant renewable energy, energy efficiency, economic and water conservation benefits, and the changes are not due to the health of the project, but rather to variable market conditions all projects face.

The board asked if the increased incentive dollars are being re-allocated from another project. Jed said no, the funding is in the 2018 budget.

The board asked how this project compares with other, similar projects, and could Energy Trust acquire more generation from a different project. Jed said making project-to-project comparisons gets harder and harder each year. The first projects completed 10 years ago had different funding stacks, like a 50 percent state Business Energy Tax Credit, higher power prices and a different federal tax structure. Jed noted the Other Renewables program solicits for projects twice a year and currently, there are no other projects the program is saying no to right now.

The board asked why the payback period shifted from 15 years to 11 years. Jed said they use guiding principles when setting the payback period. In the past, staff pushed the payback period as long as possible, which was often 20 years, but that didn't leave a lot of room for the project. Staff now want to ensure the project is given enough room to succeed and to adjust if it faces unexpected issues like calibrating technology. Changing from 15 years to 11 years in terms of the incentive amount is not a lot.

Jed and Lily explained the utility rate schedule and that it increases over time.

Marc stated it is the availability of Energy Trust's incentive that is making this project go forward. The board noted this is a great project for its multiple benefits to rural economic development and sustainability.

The board noted the project also has a state Renewable Energy Development grant and that program is nearing its end. This project seems well situated to have a lower above-market cost than projects in the future. Jed noted the RED grant expiring illustrates the importance of other funding sources, like the federal funding announced earlier in the meeting.

The board said this is a good project. Projects like these are hard to put together.

Janine noted Energy Trust is doing its best to support the project, and the funding circumstances underscore that the state needs to support these projects, too.

RESOLUTION 858 AUTHORIZING ADDITIONAL INCENTIVES FOR THE MCKENZIE HYDRO FACILITY

WHEREAS:

- 1. In November 2017 Energy Trust's board approved Resolution 820, authorizing \$640,000 in incentives for the proposed 300-kW McKenzie hydroelectric facility, developed by Three Sisters Irrigation District (District). After the board approved Resolution 820, the District encountered challenges in attempting to deliver power to PGE and the above-market costs of the project increased. The District asked Energy Trust to re-evaluate the project's above-market costs and consider additional incentives to enable power delivery to Pacific Power.**
- 2. Staff re-evaluated the project and found above-market costs are now \$900,491 (net-present value).**
- 3. Staff proposes an additional incentive of \$225,000 to be added to the original incentive of \$640,000, for a total of \$865,000. The first payment would be \$465,000, payable on commercial operation, followed by four additional payments of \$100,000 if the project meets annual generation milestones. With the proposed incentives, the project would pay back in 11 years.**

4. Staff proposes to include milestones in the funding agreement with the District to allow Energy Trust to withdraw funding if the project is unable to move forward.

It is RESOLVED that the Executive Director is authorized to negotiate a funding agreement for up to \$865,000 (\$640,000 from Resolution 820 plus \$225,000 from Resolution 858) in incentives to offset the above-market cost of the 300-kW McKenzie hydroelectric facility of the Three Sisters Irrigation District, consistent with the terms outlined above and in Resolution 820.

Moved by: Mark Kendall

Seconded by: Susan Brodahl

Vote: In favor: 12

Abstained: 0

Opposed: 0

Ernesto Fonseca and Commissioner Bloom left. The board moved into executive session from 12:35 – 1:45 p.m., pursuant to bylaws 3.19.1 to discuss internal personnel matters. The executive session was not open to the public.

Staff Committee Reports

Diversity Equity and Inclusion Data, Baseline and Participation Analysis Presentation

Mike introduced the presentation. Energy Trust's Diversity, Equity and Inclusion operations plan includes 10 goals to help the organization expand participation to underserved customers and better serve all customers. One goal is the "data baseline, benchmarking and analysis goal". Planning & Evaluation Group staff members Dan Rubado and Andy Griguhn led a participation analysis, with Alex Novie providing the program implementation perspective and Debbie Menashe and Fred Gordon as the sponsors. Staff looked at multiple sources of data and shared the methodological approach with community-based organizations and other entities to help guide and direct the analysis. The project was initiated after adoption of the DEI operations plan and was undertaken to help Energy Trust understand the extent to which diverse communities have been served and where opportunity remains.

Dan reviewed the data source selection. Ideally, staff would have had demographic information on each customer that could be compared with the demographics of the state to understand how well Energy Trust has served different groups. However, Energy Trust does not collect demographic information on participants. Instead, staff selected a geographic analysis approach using Census data, which is considered the "gold standard" for demographic data, is reliable and shows information for multiple year time periods. Although Census data has documented limitations, including undercounting certain populations, staff felt that it was useful for creating broad demographic indicators to compare different areas of the state. Dan noted third-party household-level data sets can also have major limitations, for instance, they only provide a snapshot in time, often lack historical data for comparison purposes and don't reflect changes in ownership or occupancy. Third-party data on race and ethnicity are also largely unverified, and largely based from credit-reporting information. Not all customers have applied for credit, especially low-income customers.

After selecting the primary data source, three diversity indicators were created: income, race/ethnicity and urban/rural. These broad indicators are used to classify areas of the state and analyze service to the communities. To assess service by geographic area, the analysis used Census tracts, which are small geographic areas in urban areas but larger geographic areas in rural areas. Census tracts are good proxies for communities because there are roughly the same number of households in each tract. There are 800 tracts in Energy Trust service territory. Staff pulled program participation rates for each eligible site within each tract over a five-year period starting in 2013. Then, indexes for each indicator were created and participation rates compared across the index and across indicators.

For the analysis, staff took participation and site data available in Energy Trust systems to compute participation rates for residential, which includes multifamily, and also commercial, industrial and solar. Participation rates by sector were compared against the indicator scores in each Census tract. Dan

noted that demographic data does not directly connect to participation at the site level. He also noted that the participation rate in residential excludes products sold at retail through buy-downs, because there is no site information collected when products are sold. This is a significant amount of savings for the Residential program that is excluded.

Dan reviewed the analysis results by indicator for each sector. Residential results by income indicate that in the least affluent communities, 24 percent of households participated, compared to the average of 26 percent, and 30 percent of households in the most affluent communities participated.

Residential results by race/ethnicity indicate the most racially diverse areas participated at 27 percent, slightly higher than the average of 26 percent, and higher than the least racially diverse areas which participated at 22 percent. This is counter to what staff expected. Further analysis showed that communities with large Asian populations participated at higher than average rates, while communities with large Hispanic/Latino and Native American populations participated at lower rates. This demonstrates that different racial/ethnic groups may participate at different levels, which may mask differences when looking at participation for all people of color.

Residential results by urban/rural indicate the most rural communities participated at 14 percent, much lower than the average of 26 percent, and the most urban areas participated at 29 percent. Rural areas are also saving far less energy when they participate compared to their urban counterparts. This could be due to service territory and some areas being gas-only territory with a limited number of measures.

Opportunities in residential are to engage Native American, Hispanic/Latino, low income and rural customers. There are also opportunities to learn from organizations serving African Americans and other communities of color as this analysis doesn't allow staff to analyze participation levels by those groups.

Commercial results by urban/rural indicate average participation of 28 percent for large commercial businesses and 13 percent for large rural commercial businesses. In addition, participation rates were 7 percent on average for small commercial businesses and 3 percent for small rural commercial businesses. For industrial results by urban/rural, the average participation for large industrial businesses is 79 percent and 89 percent for large rural industrial businesses. In addition, participation rates were 13 percent on average for small industrial businesses and 4 percent for small rural industrial businesses. Opportunities exist to engage small and medium commercial and industrial businesses across the territory, and especially in rural areas. Energy Trust also needs to determine how it will measure diversity for businesses beyond urban/rural.

The metric for solar participation was the share of solar projects completed in a year distributed across each index. The analysis included five years of data but used 2017 as the baseline year given the many changes in this market. The results indicate 22 percent of customers are located in the least affluent tracts and these customers completed the fewest installations. Also, 22 percent of customers are located in the most racially diverse areas and they completed more solar installations than their share of households. Rural areas completed projects roughly in proportion to their share of households. Opportunities to serve customers with solar are in low-income areas and there are opportunities to learn from organizations concerned with serving communities of color.

Next steps are for staff to finalize the results of the analysis and present the findings to a group of community-based organizations on November 28 and to the Evaluation Committee on December 6. The DEI operations plan and goals will be presented to the board at its December 14 meeting.

Mike asked if Oregon's COBID certification (Certification Office for Business Inclusion and Diversity) or other information like annual revenue could be used as a metric to determine firmographic data and how race/ethnicity tie to the business sector participation rates. Dan said they are open to suggestions. It depends on what data they can access. Firmographic data is complex. And while COBID-certified

businesses could be a start, not all minority- and women-owned businesses apply for the state certification.

The board asked why retailer data was not used for the residential sector. Dan said retail data is not tied to a participant site. There are assumptions that the products purchases are installed in homes within a certain distance of each store, but the data can't be directly tied to a site or Census tract, as a store might serve multiple tracts.

The board suggested overlaying female household on the residential data next time.

The board asked what are the next steps with using the data. For instance, will staff dig into why certain categories have higher participation. Dan said program staff are digging into the data to learn what the composition is of those communities, where are they and how will programs target them in the future. Mike commented that as staff present to external groups on the findings, the organization is seeking feedback on where we can go next with the data and what is the next phase of analysis. Dan noted that the data here are broad indicators that can be used to show progress against program DEI goals.

The board noted that even at the level of Census tracts, Energy Trust still does not know who is being served. Will Energy Trust collect demographic data going forward? Dan said Evaluation is collecting some demographic data in Fast Feedback surveys that could be helpful. Mike said any decision to collect demographic data on program application forms would have to be done carefully and with trusted community organizations, so people don't perceive the questions as screening tools. Surveys conducted post-participation might be more attractive but also have limitations.

The board commented the data presented is still at too aggregated of a level to get enough of an indication of underserved areas. Energy Trust might receive criticism from the communities that this is only showing high-level participation averages by Census tract, especially rural areas and communities of color. Dan reminded the board the Census-level data and indexes are broad indicators of participation and will be used ongoing as a baseline to track progress against other DEI goals. Mike noted this is a first-level analysis that indicates directional patterns of participation that are important to know.

The board asked if there was consideration to overlay this information with data from organizations serving similar populations, like Oregon Housing and Community Services. Dan said this was an analysis that strictly used Energy Trust program data as the goal was to see how well Energy Trust is serving those communities and not how well they are served overall. The board said it would be interesting to talk about that decision with the community-based organizations and to ensure they know this is how Energy Trust is serving their constituents but there are other programs serving them.

The board noted that this is good information, useful to have for diversity, equity and inclusion work and thanked staff for their hard work and good analysis. They recommended staff bring something else in addition to the meeting with the community-based organizations that tells them how Energy Trust is serving their customers now or will in the very near future.

Janine Benner left the meeting at 3:15 p.m.

Board Committee Reports

Audit Committee (Anne Root)

Anne Root announced that the 2017 990 tax return is complete and will be filed tomorrow. Pati Presnail will email copies to board members for their information.

Executive Director Review Committee (Debbie Kitchin)

The committee reviewed Mike's annual performance, using feedback from staff and stakeholders. Based on that review, the committee recommends a merit increase of 4 percent and a market adjustment of 2 percent. The committee reviewed the process and review with the full board in executive session earlier in the day, and the full board agreed with the committee's recommendation. Mike will work with the board president and the Executive Director Review Committee to prepare a work plan for the coming year.

RESOLUTION 856

WHEREAS:

1. **Energy Trust's Executive Director Review Committee completed its evaluation of Michael Colgrove's performance in 2018.**
2. **An evaluation of Michael's performance compared to his 2017/2018 work plan goals demonstrated he is performing at a high level.**
3. **The Executive Director Review Committee also considered the following in proposing a merit increase from the review:**
 - a. **Energy Trust's existing salary structure and Michael's current salary position on that range.**
 - b. **Periodic survey and market analysis of comparable position salaries.**

It is therefore **RESOLVED:**

The Board of Directors authorizes a merit award increasing Michael's salary by 6.0% effective August 12, 2018.

Moved by: Debbie Kitchin

Seconded by: Roland Risser

Vote: In favor: 11

Abstained: 0

Opposed: 0

Finance Committee (Susan Brodahl)

The committee reviewed the September year-to-date financials. Actual revenues are 4 percent over budget. Investment income is doing well. Reserves are trending well, and it looks like the organization will hit the forecast. Susan noted reserves include future committed incentives for projects like renewables projects that take multiple years from commitment to commercial operation. The reserves are set at the right level, they are not too high but large enough in case a program needs additional funding due to high activity. On incentive spending, the New Buildings program is doing well, the Residential program is running light and staff expect a high activity level for Quarter 4, and the Existing Buildings program incentive spending is low, which is due to project completion delays. The committee reviewed at a very detailed level the staffing and healthcare expenses. There will be pressure to meet the 2020 OPUC performance measure on staffing costs if the trend of increasing costs for these categories continues.

Susan said the contingency reserve is an account to watch as it is not allocated to a utility and grows from invest income. Mike noted anything that accrues above \$3 million in this account goes into the utility reserves.

Policy Committee (Alan Meyer)

The committee met on October 4 and discussed the biopower policy; the Renewable Energy Certificate (REC) policy, which may come to the board in December with potential revisions; the WES biopower project that was subsequently approved at the October board meeting; the Michaels Energy contract approved today; a proposal to amend the bylaws to remove instances of “CFO” since the organization does not have a Chief Financial Officer; and a new CAC member, Tim Hendricks, to represent the Building Owners and Managers Association. The Community Solar contract with Energy Solutions will be brought forward when there is an update to report.

Alan noted the REC policy review will consider the implications of the policy requirement that Energy Trust take ownership of a portion of a renewable energy project’s RECs. A complicating issue is that the state’s Community Solar Program requires that program to take title to 100 percent of a project’s RECs, effectively barring Energy Trust’s ability to support the project.

The board then discussed the possibility of forming an Executive Committee. The board considered the pros and cons, as well as membership for such a committee and how the authority granted to it would compare to the full board’s authority. The Policy Committee reported that OPUC staff indicate that they are open to such a committee while strongly encouraging full board discussion on the possibility. Board members relayed their experiences being on other boards with executive committees and offered suggestions for how it could work for Energy Trust. An Executive Committee could support the organization when time sensitive decisions or consultation is needed, like signing a contract. It would allow the board to move to less frequent meetings. The board acknowledged that transparency is an important Energy Trust value. If the board were to form an Executive Committee, the board will need to consider public access to the information provided to an Executive Committee, reporting on the discussion and any decisions made in Executive Committee, and how committee information would be communicated back to the full board. The board discussed whether public notice would or could be provided for Executive Committee meetings and whether the full board should meet instead of a small group of members. It was noted the bylaws allow formation of an Executive Committee and membership was discussed as the four board officers. The committee will take this feedback and consider it at the next Policy Committee meeting.

Strategic Planning Committee (Mark Kendall)

The committee met earlier this week. It is in the midst of the first phase of developing the plan, which includes creating buildings blocks for the 2020-2024 Strategic Plan. The second phase is drafting the plan, and the third phase is plan review and approval. Mark reminded the board it started work around strategic planning with the board learning topics, which explored areas of the marketplace that do or could impact the organization’s work. At the meeting this week, the committee and staff developed a scenario to base planning strategies around for the 2020-2024 time period. Development of the scenario will include input from all staff and members of CAC and RAC. The full board will spend time diving into the scenario at the December meeting and will think through what is Energy Trust’s unique role of value today and what it looks like operating in that future scenario.

Conservation Advisory Council (Lindsey Hardy)

The council reviewed the draft 2019 action plans for the Planning and Evaluation group and for NEEA. They received a presentation on results from the first targeted load management pilot, and discussed scenario drivers to inform development of the 2020-2024 Strategic Plan.

Renewable Energy Advisory Council (Alan Meyer)

The council heard brief updates on the state’s Community Solar Program and the organization’s low- to moderate-income solar efforts, which are using Energy Trust funding and grant funding to serve these

communities. They also discussed scenario drivers to inform development of the 2020-2024 Strategic Plan.

Adjourn

The meeting adjourned at 3:45 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Friday, December 14, 2018, at 10:30 a.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

/s/ Mark Kendall

12/14/18

Signed: Mark Kendall, Secretary