

Energy Trust of Oregon Glossary of Key Terms and Program Descriptions

Updated April 2023

Key terms

Above-market cost: The cost of producing power (including fixed and operating costs, delivery, overhead and profit) from renewable energy that exceeds the market value used by the utility to acquire resources.

Administrative cost: Costs that enable the organization's programs to function. Administrative costs are included in the OPUC performance measure on administrative and program support.

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

Average megawatt: The standard term of measurement for bulk electricity. One megawatt is 1 million watts. One million watts delivered continuously 24 hours a day for a year (8,760 hours) is an average megawatt.

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

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

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

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

Business planning: An annual process by which Energy Trust evaluates available staff resources and areas for innovation and prioritizes projects and business activities for the following year. The business

plan forms the basis for setting the next year's organization goals, budget and action plan and is reviewed by leadership at least on a quarterly basis.

Board approved annual budget: Funds approved by Energy Trust's board for expenditures during the budget year (subject to board approved program funding caps and associated policy) for stated functions and capital asset expenditures. Approval of expenditures are based on assumed revenues from utilities and/or contracted revenues.

Clean energy: Defined by Energy Trust as conservation, energy efficiency and small-scale renewable energy projects.

Co-funding: Offers or services that combine Energy Trust funding with outside funding in order to reach more customers and/or achieve greater efficiency.

Communities and new initiatives sector: Created in 2022, this sector is responsible for building and managing community-related initiatives and offers that involve multiple programs, including distributed energy resources and flexible grid management projects. This will streamline support for communities and organizations seeking comprehensive energy solutions.

Community Partner Funding: Higher incentives for residential customers delivered by nonprofits and other agencies providing direct services to customers with low and moderate incomes, communities of color, rural customers, veterans and people with disabilities.

Community solar: Solar projects in which customers benefit from the energy produced at an off-site location. Community solar is commonly used by renters, people living in multifamily buildings or homeowners. It expands access to those for whom rooftop solar power is out of reach due to not owning their homes, inability or difficulty to pay for a rooftop system or simply not having an appropriate site for an installation. Energy Trust supports community solar projects through its Community Solar Development Assistance incentives for project development as well as custom project incentives for construction. Separately, Energy Trust is part of the third-party administration team for the Oregon Community Solar Program through a subcontract with Energy Solutions.

Cost-effectiveness: Under Oregon law, an energy resource, facility or conservation measure is cost effective if it results in delivered power costs to the ultimate consumer no greater than the comparable incremental cost of the least-cost alternative new energy resource, facility or conservation measure during its life cycle.

Cost-effective exception: The OPUC may allow cost-effectiveness exceptions for pilots, new technologies, the presence of significant hard-to-quantify non-energy benefits and projects that provide consistency for the market. Only a small portion of Energy Trust annual savings result from projects supported under cost-effectiveness exceptions.

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

Diversity, Equity and Inclusion: Energy Trust's work to promote diversity, equity and inclusion in internal and external activities and create more opportunities for underserved communities. This involves evaluating burdens, benefits and outcomes to these communities, including people of color, people with low to moderate incomes and people who live in rural areas. Work is guided by Energy Trust's Diversity,

Equity and Inclusion board policy, the Diversity Advisory Council, an internal Diversity, Equity and Inclusion Committee and a staff-led operations plan.

Energy Trust funding: Energy Trust is largely funded by customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista. It receives a dedicated percentage of customer utility bills to invest in energy efficiency and renewable energy. The Oregon Public Utility Commission oversees Energy Trust investments of utility customer funds in Oregon. Energy Trust has contracts separate from this core funding to help deliver the Oregon Community Solar Program, PGE's Smart Battery Pilot and other activities.

EPS™: Energy performance requirements indicating low energy consumption, utility costs and carbon footprint. Builders of new homes can receive incentives if they meet EPS standards. An EPS score also helps homebuyers assess and compare the energy use and costs of similarly sized homes.

Gross savings, gross generation: The estimate of savings from program participants, irrespective of free riders (program participants who would have completed an energy-saving action even in the absence of Energy Trust programs) or spillover (the idea that some participants will complete an energy-saving action because of awareness of the program but will not receive a program incentive). Gross was adopted as the standard method of budgeting and reporting beginning in 2020, replacing use of net energy reporting. (Where 2020 and later is compared to earlier years, those years will likewise be restated from net to gross for comparability.)

Incentives: Payments to reduce costs of energy efficiency and renewable energy investments. Incentives may be paid to any customer type, trade ally contractors or other market actors. Midstream or upstream incentives may be provided to retailers, distributors and manufacturers of products and equipment; these incentives are passed on to consumers and contractors as instant discounts, reducing barriers to participation.

Innovation and development team: An internal team created in 2022 to cultivate strategic partnerships and pursue external funding opportunities that help more customers access the benefits of energy efficiency and renewable energy. This work aligns with Energy Trust's long-term strategic goals to maximize ratepayer funds by leveraging outside funding and enhancing Energy Trust's ability to respond to new opportunities.

Integrated Resource Plan (IRP): Comprehensive energy resource planning documents developed by utilities within an OPUC process. IRPs identify future resources needed to meet expected customer demand and consider reliability and least-cost resources. Energy Trust typically coordinates every other year with each utility to determine the amount of cost-effective energy efficiency resource that the utility can incorporate into its IRP.

Irrigation modernization: A collaborative effort by Energy Trust and Farmers Conservation Alliance to connect irrigation districts and farmers with tools to invest in modern irrigation infrastructure. This helps save water and energy, improve habitat for fish and generate clean energy through small-scale hydropower systems installed in pipes.

Kilowatt hour: A unit of energy commonly used as a billing unit by electric utilities.

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

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

Market transformation: Lasting structural or behavioral change in the marketplace and/or changes to energy codes and equipment standards that increases the adoption of energy-efficient technologies and practices. The majority of Energy Trust expenditures and electric savings for market transformation are delivered by the regional nonprofit Northwest Energy Efficiency Alliance (NEEA).

Megaproject: Large commercial or industrial projects receiving more than \$500,000 in incentives for energy-efficiency upgrades are considered megaprojects. These projects are reviewed and approved by Energy Trust's board before any incentive commitment is made to the customer.

Midstream incentive: Incentives provided to distributors and retailers to encourage stocking of energy-efficient equipment and are passed on to both consumers and contractors as instant discounts, reducing barriers to participation.

Non-energy benefits: In addition to direct energy benefits, Energy Trust accounts for some non-energy benefits to utility customers and other stakeholders in its cost-effectiveness calculations when they are generally applicable and can be credibly quantified at a reasonable cost. Example of quantifiable non-energy benefits include comfort from adding cooling to a home or business; spending less on wood, propane or heating oil; and spending less on lightbulbs and operations and maintenance thanks to longer-lasting LEDs.

OPUC performance measures: Quantifiable minimum performance measures set by the OPUC that define its expectation of Energy Trust's performance, including financials. Performance measures are adjusted on an annual basis.

Path to Net Zero: Incentives and technical assistance to new commercial construction projects that aim to exceed energy code by 40% through a combination of energy-efficiency and renewable energy features.

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

Public purpose charge: A charge on utility customer bills authorized by Oregon state law. Energy Trust receives a portion of the funds collected to deliver benefits from small-scale renewable energy generation and grid-connected technologies. Under state law, at least 25% of renewable energy revenues must be invested in activities, resources and technologies that serve low- and moderate-income customers, including technologies that do not have above-market costs. Electric and natural gas efficiency funding may also appear on customer utility bills as a "public purpose charge," though these rates are set in accordance with OPUC's standard ratemaking process.

Program Management Contractor (PMC): Company contracted with to deliver and implement a program or major program track. PMCs keeps costs low for utility customers, draw from existing expertise and skills in the market, and allow Energy Trust to remain flexible and nimble as the market changes. PMC contracts are competitively selected, reviewed by a committee with internal staff and external representatives, and approved by the board. Contracts are rebid on a regular basis and may include diversity requirements for the implementation team to better serve customers of color, customers in rural areas and those with low and moderate incomes.

Program Delivery Contractor (PDC): Company contracted with to implement a specific program track. PDCs keeps costs low for utility customers, draw from existing expertise and skills in the market, and allow Energy Trust to remain flexible and nimble as the market changes. PDC contracts are competitively selected, reviewed by a committee with internal staff and external representatives, and approved by the board. Contracts are rebid on a regular basis and may include diversity requirements for the implementation team to better serve customers of color, customers in rural areas and those with low and moderate incomes.

Project development assistance: Incentives and support for early-stage development of renewable energy projects, helping to build a pipeline of future renewable energy projects.

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

Savings Within Reach: Higher incentives available to owners of single-family or manufactured homes who meet income qualifications for qualifying projects.

Solar Within Reach: Higher incentives available to income-qualified customers who install solar panels at home.

Strategic Energy Management: Behavioral and low-cost operations and maintenance improvements designed to help industrial and commercial customers reduce energy use and save money

Targeted load management: Efforts to change how and when energy is used. This could include efforts from the customer perspective to reduce non-coincident peak, efforts from the utility perspective to reduce coincident peak demand, and/or efficiency programs to reduce energy consumption. Formerly referred to as locational load management or targeted demand-side management.

Therm: A unit of natural gas commonly used as a billing unit by utilities.

Trade ally: Contractors and other professionals that receive customer referrals, training and other resources from Energy Trust as members of its Trade Ally Network.

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

Program descriptions

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

New Buildings: New Buildings influences commercial design and construction practices to reduce energy use by working with building owners and design teams to make energy considerations part of building design criteria and an asset for the building owner in major renovations and new construction projects. New Buildings delivers solutions to create cost-effective, above-code options that leverage architectural design solutions and systems. It provides incentives to support high-performance design, including early design assistance, energy modeling incentives and a solar-ready offering. Incentives for

whole-building approaches include modeled savings and standard incentive packages for small commercial buildings. Prescriptive and calculated incentives include standard offerings and lighting calculators.

Production Efficiency: Production Efficiency provides energy-efficiency solutions for all sizes and types of eligible industrial, agricultural and municipal water and wastewater customers. The program provides services and incentives through three primary delivery tracks: standard, custom and energy performance management.

Residential: Residential offers energy-efficiency solutions for residential customers of single-family homes, manufactured homes and newly constructed homes. Cash-back incentives are available for energy-efficient HVAC systems, appliances and weatherization upgrades. Instant discounts are provided for water heating equipment, lighting and showerheads. The program delivers services through program tracks: home retrofit, manufactured homes, retail promotions and new construction.

Solar: Solar aims to create a vigorous and sustainable market for solar in Oregon by offering cash incentives that lower above-market costs for small residential and commercial solar projects, educating consumers, creating and enforcing quality standards and ensuring a robust network of qualified trade ally contractors. Staff review and adjust incentive levels regularly to manage budget and respond to changes in solar costs. The Solar program supports installation of distributed solar systems across all customer sectors and types.

Other Renewables: Other Renewables supports renewable energy projects up to 20 megawatts in nameplate capacity that generate electricity using biopower, geothermal, hydropower and municipal-scale, community-owned wind technologies. Most projects are less than 2 megawatts in size. The goal of the program is to expand Energy Trust's renewable energy portfolio across a range of technologies and improve market conditions for renewable energy projects. The program provides project development assistance incentives and installation incentives. Project development assistance incentives can pay for a portion of the costs of feasibility studies, technical assistance or other non-capital cost assessments and investigations to help projects move from concept to construction. Qualified projects may access project development assistance incentives multiple times, up to the limits of funding caps, enabling applicants to move through consecutive development activities. The program also provides installation incentives calculated on a custom basis after a detailed technical and financial review of a project's application. All incentives are paid following successful project installation or activity completion.

Northwest Energy Efficiency Alliance (NEEA): To deliver low-cost energy for customers, Energy Trust has been working with the Northwest Energy Efficiency Alliance since 2002 to increase the availability and adoption of energy-efficient electric products, equipment and practices. In 2015, natural gas equipment was added. By pooling resources at a regional level to work with manufacturers, distributors and retailers, NEEA accelerates the development, testing and distribution of new energy-saving equipment and approaches. NEEA identifies and refines new high-efficiency products, services and practices and helps bring them to market. NEEA is supported by and works in partnership with Bonneville Power Administration, Energy Trust and more than 100 Northwest utilities for the benefit of more than 12 million energy consumers.