

MEMO

Date: December 6, 2024
To: Board of Directors
From: Michael Colgrove, Executive Director
Subject: Final Proposed 2025 Budget and Action Plan

I am pleased to present to you Energy Trust of Oregon's Draft 2025 Budget and Action Plan, which will be the focus of our December 13 budget workshop.

This one-year budget is our last annual budget before the organization creates its first multiyear plan in 2025 for 2026-2030. Multiyear planning enables a longer time horizon for managing investments and allows flexibility to achieve savings goals over multiple years. This is key to achieving additional energy efficiency to help utilities meet their decarbonization goals at a lower cost than alternative investments while providing equitable benefits to customers and communities.

This budget invests in incentives and programs that deliver cost-effective energy efficiency and renewable energy programs, including for customers with lower incomes, communities of color and rural communities. It also enables the capabilities, staffing and market support needed to deliver more savings and will maximize the impact of new complementary funding entering the market in 2025 and beyond.

In the materials that follow, action plans are provided for general management, including diversity, equity and inclusion; energy efficiency and renewable energy programs; program support groups; and contract and grant-funded initiatives. The materials also include utility-specific action plans developed in collaboration with each of our five utility partners.


Supporting memos provide additional details on the assumptions that shaped action plans and budgets across the organization as well as budget components such as staffing, administrative costs, levelized costs, market intelligence, and new investments in trade ally and community-based organizations delivery partners to accelerate energy savings.

Unless otherwise noted, the budget reflects all revenues and expenditures for Oregon core efficiency and renewable energy funds, NW Natural Washington customers, NW Natural and Avista transport customers plus other contracted and grant-funded activities such as HOMES and HEAR. Some materials, such as calculations of OPUC performance measures, reference a subset of the budget.

After board consideration on December 13, the budget and action plan will be submitted to the Oregon Public Utility Commission by year-end and posted online at www.energytrust.org/budget.

I look forward to our discussion next week and welcome your comments and questions.

Thank you,



Michael T. Colgrove, Executive Director

2025 Organizational Goals



Customers will save and generate energy and reduce costs in 2025 and beyond as a result of investments in clean energy programs, including those designed to meet the needs of customers the organization has historically underserved.



Customers will gain access to a broader and more diverse network of qualified contractors who can install clean energy upgrades in their communities, and potential trades people will gain skills and opportunities in the energy efficiency and solar industries.



Community-based organizations will have opportunities to bring clean energy benefits to their communities by partnering with Energy Trust to deliver programs and accessing funding, training, mentorship and connections.



Customers, partners and stakeholders will benefit from Energy Trust's ability to achieve long-term goals by shifting to a multiyear budgeting and planning process.



Final Proposed 2025 Budget Summary

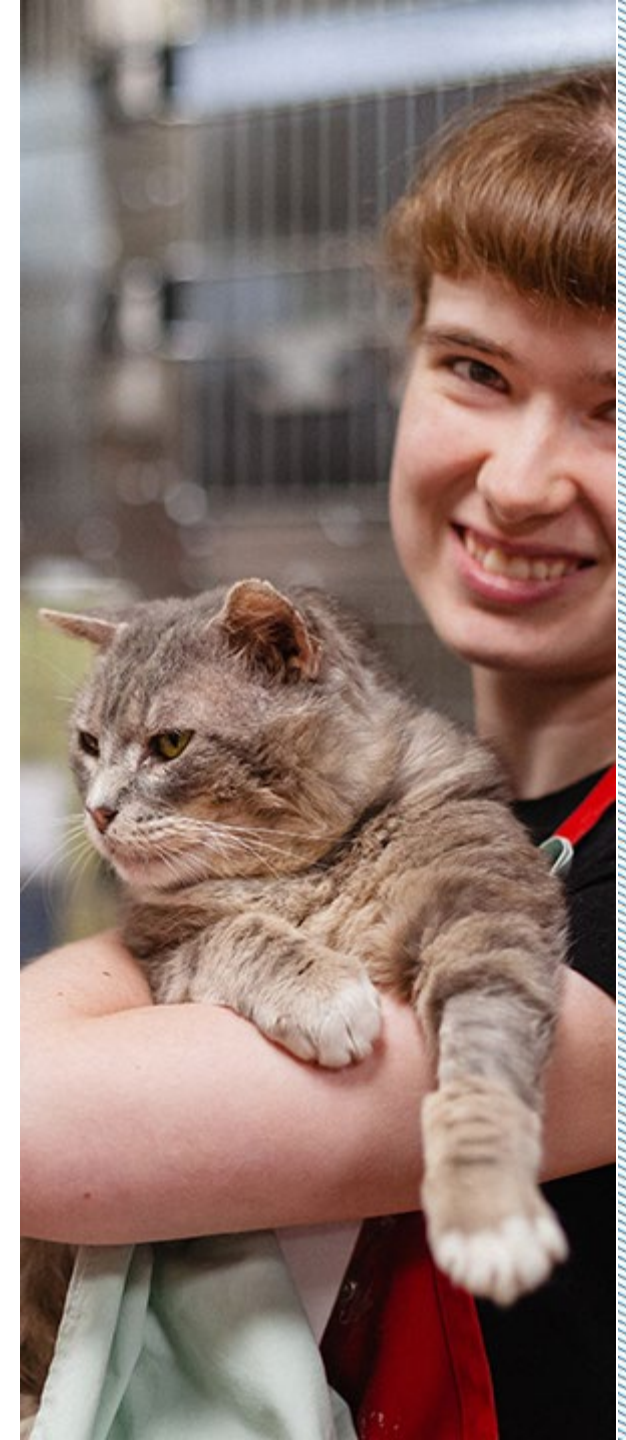
- **Investing \$344.9 million**
- **Saving 57.3 aMW and 7.0 MMTh**
 - 82.9 MW of reduced demand during summer peak, 89.3 MW during winter
 - 7,300 therms reduced demand during peak hour, 97,000 therms during peak day
 - Includes 0.3 MMth gas transport, 0.2 MMth NW Natural WA
- **Delivering highly cost-effective energy**
 - 4.7 cents/kWh levelized
 - 70.6 cents/therm levelized OR, \$1.31/therm levelized WA
- **Generating 5.6 aMW**
- **Distributing \$184.1 million in incentives; 53% of total expenditures**
- **Administrative costs are 5.8% of expenditures**

Photo: Albany Water and Hydroelectric Plant, Albany, OR

Customer Benefits from 2025 Investments

- **Lower energy bills and energy burden**—\$1.3 billion in future bill savings for participants
- **Opportunities for 1,600+ local businesses, greater support for community-based organizations** and investments in workforce development
- Local investments that **keep dollars in our communities**
- **Cleaner air** by avoiding 2.7 million metric tons of carbon dioxide over time
- Support for **community-led clean energy efforts**, such as resilience
- Access to **direct benefits for customers experiencing low incomes**, including those in rural areas and people of color

Photo: Humane Society for Southwest Washington, Vancouver, WA



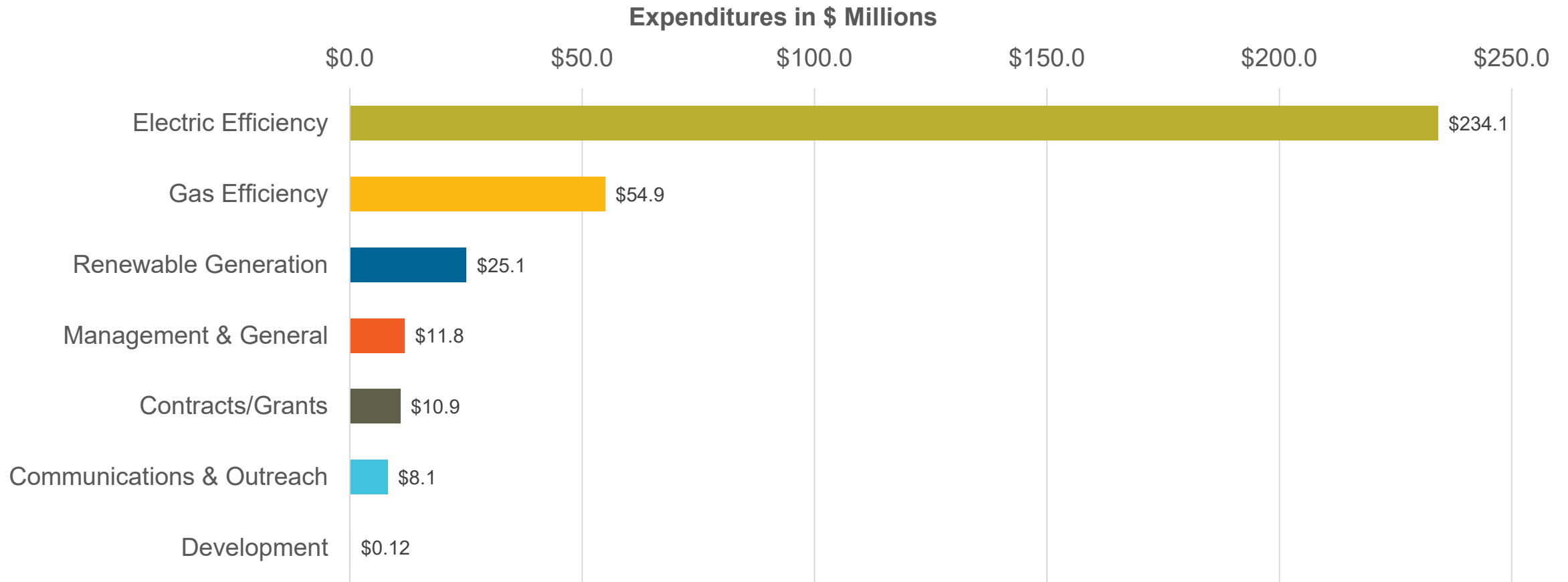
Summary of Changes to Final Proposed Budget

	Draft Budget	Final Proposed Budget	Change	% Change
Revenue (\$ Million)	\$337.2	\$343.5	\$6.3	1.9%
Expenditures (\$ Million)	\$342.1	\$344.9	\$2.8	0.8%
Incentives (\$ Million)	\$182.8	\$184.1	\$1.3	0.7%
Staffing Costs (\$ Million)	\$33.2	\$33.6	\$0.4	1.2%
Administrative Costs (\$ Million)	\$19.8	\$19.9	\$0.0	0.1%
Electric Savings (aMW)	59.1	57.3	-1.9	-3.2%
Gas Savings (MMTh)	6.7	7.0	0.3	4.3%
Electric Levelized Costs (¢/kWh)	4.4	4.7	0.2	5.1%
Gas Levelized Costs (OR) (¢/therm)	73.9	70.6	-3.3	-4.5%
Gas Levelized Costs (WA) (¢/therm)	131.1	131.2	0.1	0.1%
Generation (aMW)	5.6	5.6	0.0	0.0%

Notes: aMW: average megawatts of electricity; MMTh: million annual therms of natural gas; administrative costs are for management and general, communications and outreach

2025 Final Proposed Budget Expenditures

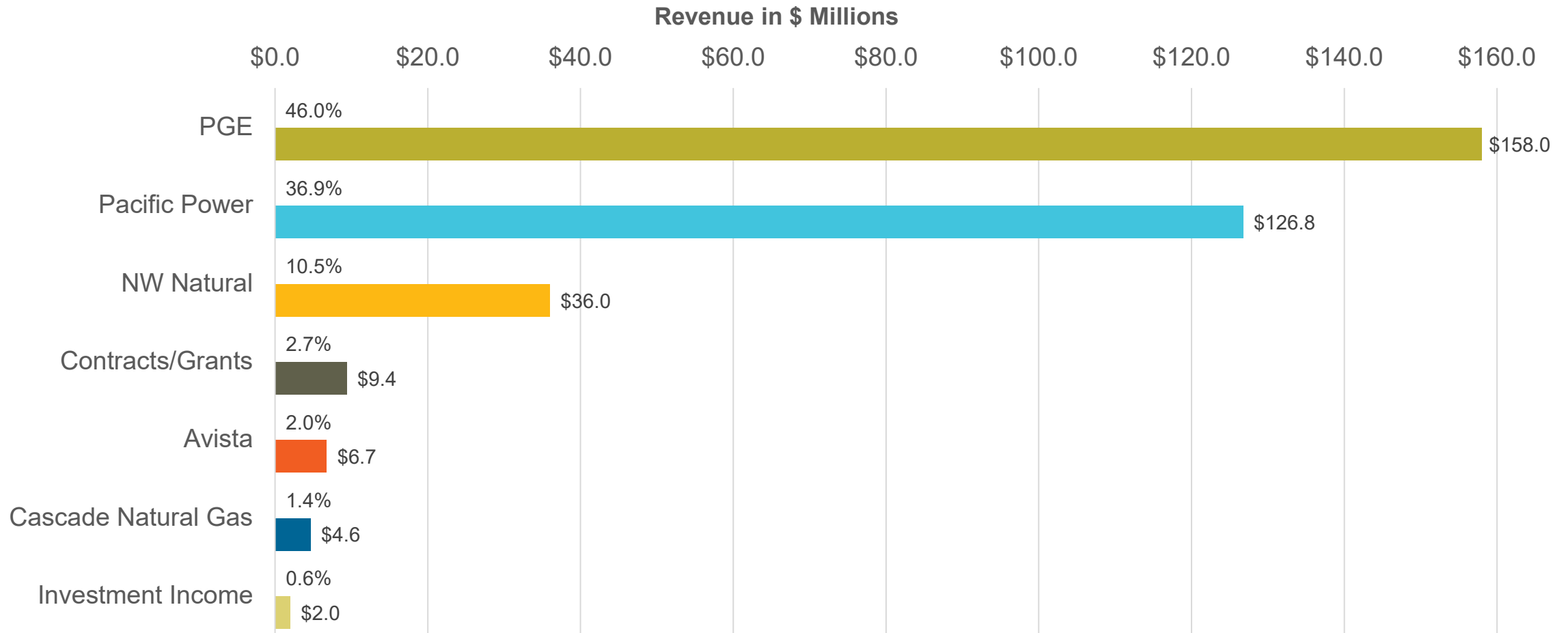
\$344.9 million, up 13% from 2024 budget



The budget uses net assets/reserves to cover planned expenses in excess of anticipated revenue

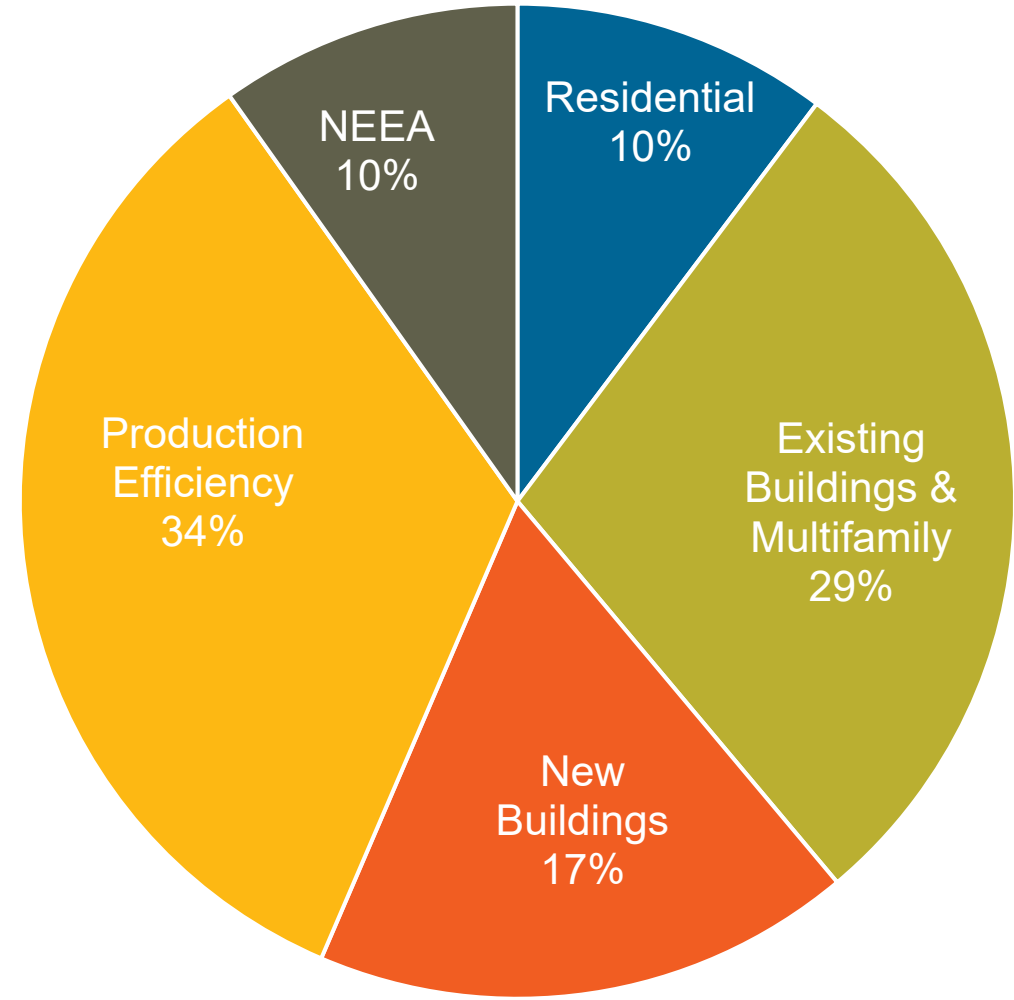
2025 Draft Budget Revenues

\$343.5 million, up 30% from 2024 budget



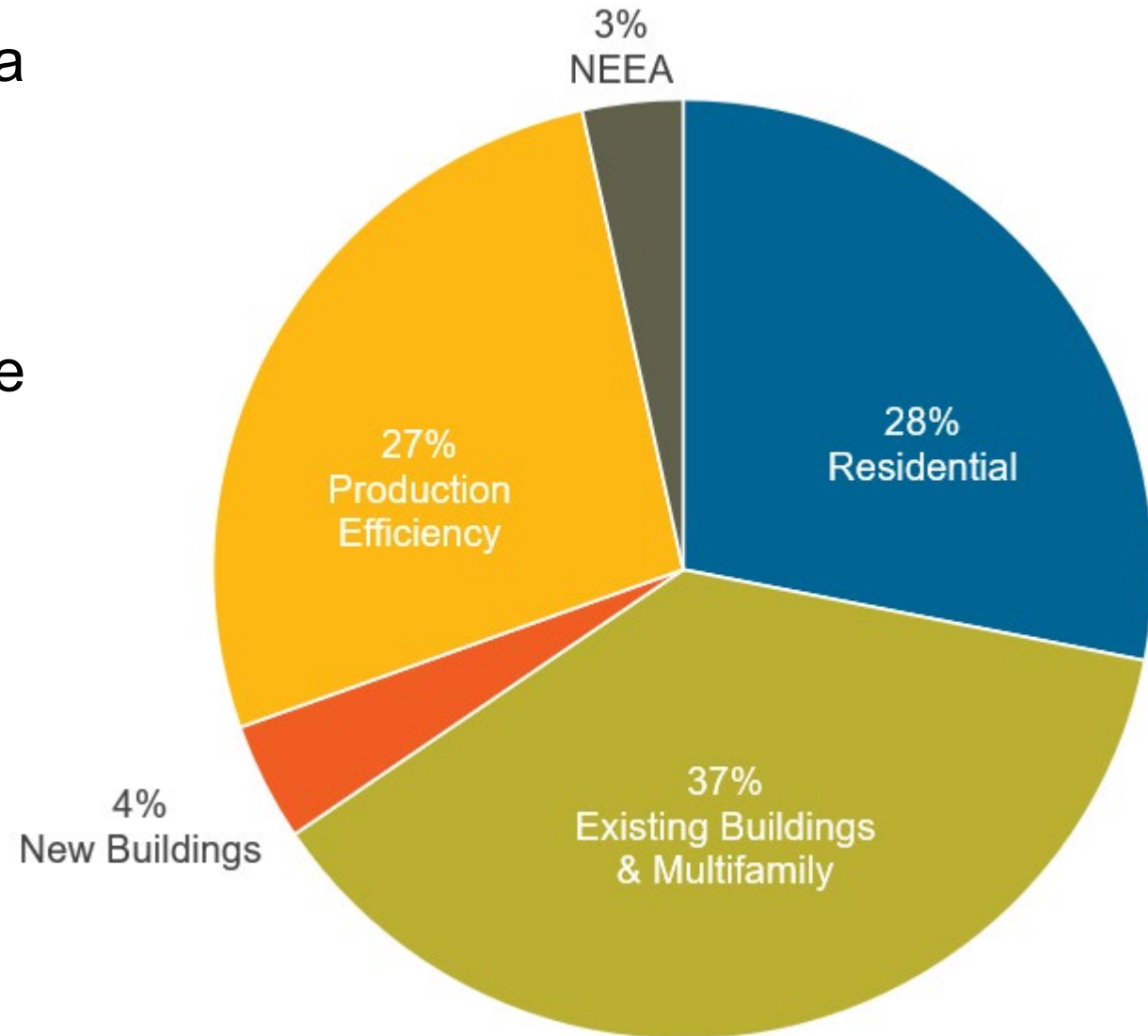
2025 Electric Savings by Program

- **57.3 aMW** of electric savings, up **19%** from 2024 budget
- Equivalent to **1.7 million** metric tons of carbon avoided over time
- **\$248.4** million in total costs, including customer incentives, services and delivery
- Levelized costs of **4.7 cents/kWh**, an **11%** decrease from 2024 budget



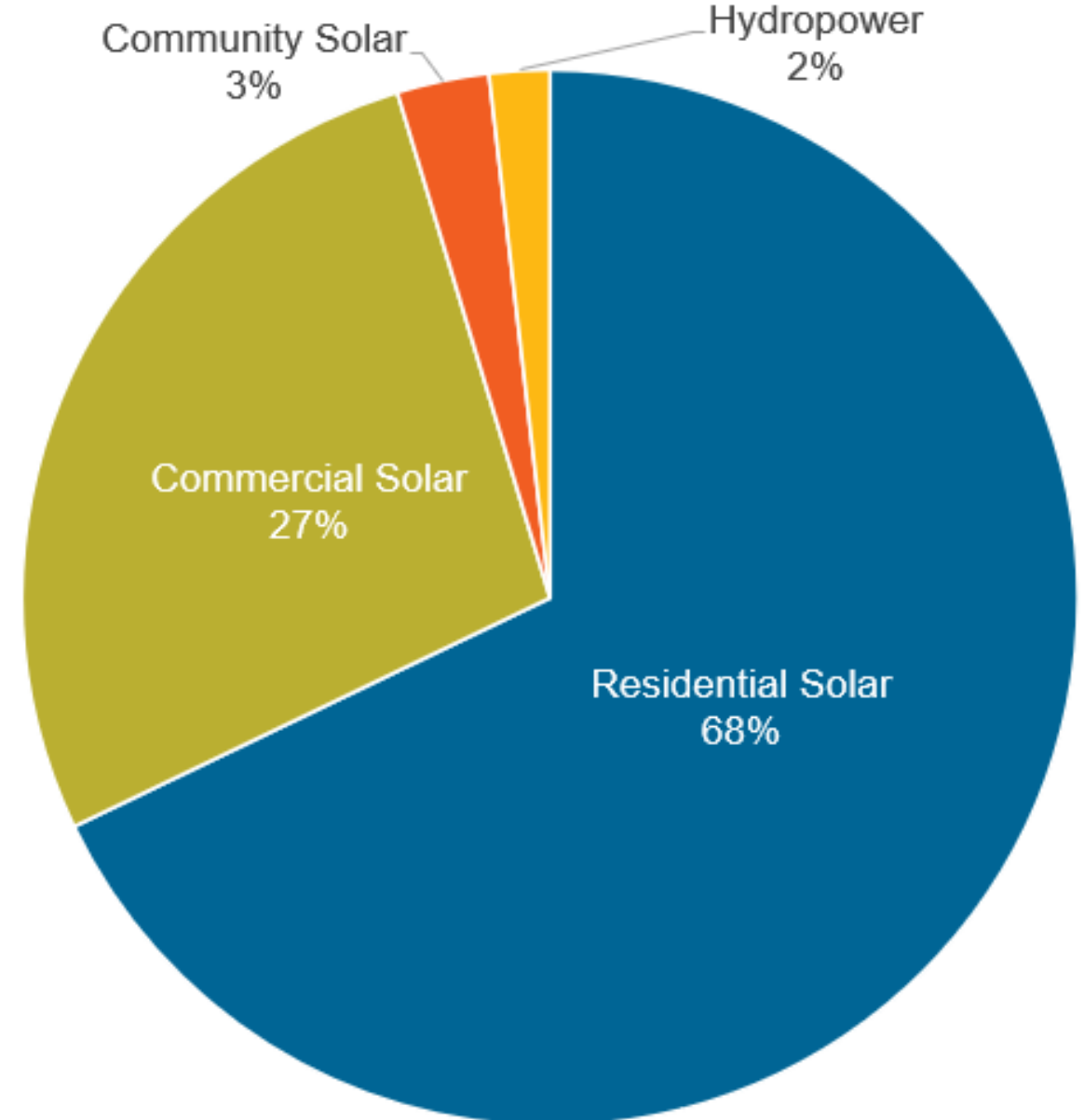
2025 Natural Gas Savings by Program

- **7.0** MMTh natural gas savings, a decrease of less than **1%** from 2024 budget
- Equivalent to **753,000** metric tons of carbon avoided over time
- **\$62.2** million in total costs, including customer incentives, services and delivery
- Levelized costs of **70.6** cent/therm, a **9%** increase from 2024 budget



2025 Renewable Generation

- **5.6 aMW** generation
- Equivalent to **176,000** metric tons of carbon avoided over time
- **\$26.6** million in total costs, including incentives, services and delivery
- Continue standard solar incentives to maintain market stability
- Focus on customers with low and moderate incomes and distribution system-connected technologies



2025 Budget Engagement Schedule

Budget Process Overview

As a nonprofit organization investing utility customer funds, Energy Trust of Oregon develops an annual budget and action plan collaboratively with our five utility partners. Throughout the process, we ask for feedback from our board of directors, advisory councils, Oregon Public Utility Commission (OPUC), utilities, community organizations, other stakeholders and the public.

As we developed our 2025-2030 Strategic Plan in 2024, we conducted extensive engagement with stakeholders throughout the year to seek information on market trends, customer and community needs, opportunities and strategic priorities. We leveraged these insights to inform our Draft 2025 Budget and Action Plan.

Over the summer, we began joint planning efforts with our five utility partners by previewing new opportunities, gathering input and identifying opportunities to collaborate. We leverage these insights to assemble a comprehensive draft budget action plan, which is posted for public review and comment in early October. The budget package and our annual organizational goals are presented to the board of directors and advisory councils in October public meetings. Feedback is encouraged from the public and stakeholders through these meetings and in writing. Staff also present to OPUC commissioners at a public meeting typically in November.

Key Dates

January, February, March, April

- **January - March, Strategic Planning Interviews and information gathering:** The strategic planning team interviewed community organizations, industry experts, and other stakeholders to inform the creation of our strategic plan. This information was used to inform our annual market intelligence and strategic guidance to staff.
- **January 10, Joint Advisory Council Strategic Planning Workshop:** Council members provided input on community and industry priorities and ways Energy Trust might support those from 2025-2030. This stakeholder engagement informed our Market Intelligence Memo.
- **January 24, Board of Directors – Public Meeting:** Energy Trust’s board kicked off its strategic planning process at a public workshop by hearing and discussing input gathered from a broad group of stakeholders including utilities, NW Energy Coalition, Citizens’ Utility Board, local and national businesses, and others.
- **February 21, Board of Directors – Public Meeting:** Energy Trust’s board heard and discussed additional input from stakeholders including the Oregon Public Utility Commission and Energy Trust trade allies. This information was used to inform our annual market intelligence and strategic guidance to staff
- Staff use market intelligence and strategic guidance to determine new activities for 2024 and identify significant changes from 2023 budget.

June, July, August

- **June 5-13, Joint budget planning meetings:** Met with PGE (6/6), Pacific Power (6/4), NW Natural (6/5), Cascade Natural Gas (6/11) and Avista (6/13).
- **July 29-Aug 1, Utility meetings:** Met with Pacific Power (7/29), Avista (7/29), PGE (7/30), Cascade Natural Gas (7/31) and NW Natural (8/1) to continue joint budget planning.
- **July 30, Board of Directors – Finance & Audit Committee Meeting:** Discussed the quarter two energy and incentives pipeline and year-end forecast.
- **August 2-30:** Funding models and draft action plans provided to each utility.
- **August 23-26, Electric utility meetings:** Met with Pacific Power and PGE to discuss how complementary funding will impact our 2025 budget and new cost-effective savings opportunities that will be included in the budget.
- **August 28, Draft Budget Meeting with OPUC staff:** Previewed draft budget and utility funding proposals.

- **August 29, Board of Directors – Finance & Audit Committee Meeting:** Provided draft budget expenditures, revenues, savings, generation and discuss 2024-2025 funding levels. Sent funding models to each utility.

September, October

- **September 4-9, Utility funding meetings:** Met with PGE (9/4), Avista (9/5), NW Natural (9/5), Pacific Power (9/6) and Cascade Natural Gas (9/11) to discuss proposed funding levels for 2025 as well as utility-specific action plans.
- **September 26, Board of Directors – Finance & Audit Committee meeting:** Reviewed draft budget report and provided budget process update.
- **October 2:** Draft budget posted on www.energytrust.org/budget.
- **October 2-16:** Public comment period; stakeholders encouraged to submit written comments.
- **October 9, Board of Directors – Public meeting:** Presented and discussed draft budget and annual goals, with time for public comment.
- **October 10, Joint meeting with Conservation Advisory Council, Diversity Advisory Council and Renewable Energy Advisory Council:** Shared draft 2024 organizational goals and draft budget and action plan
- **October 13-20, Utility Specific Action Plans:** Updated with stakeholder feedback, if any.
- **October 29, Board of Directors – Finance & Audit Committee meeting:** Reviewed updated forecast of year-end results and discussed any significant changes from the draft budget.

November

- **November 1:** Sent final utility-specific action plans to utilities for review.
- **November 5: OPUC Public meeting:** Presented draft budget and action plan to commissioners in public workshop.
- **November 9-14, Utility coordination meetings with PGE, Pacific Power, NW Natural, Cascade Natural Gas and Avista:** Reviewed revised budget and final utility-specific action plans. Finalized 2025 funding levels and any related rate adjustments needed to reach savings targets. (Pacific Power on 11/6, PGE on 11/8, Cascade Natural Gas on 11/8, Avista on 11/11, and NW Natural on 11/12.)
- **November 14, Board of Directors – Finance & Audit Committee meeting:** Reviewed significant changes to draft budget, if any. Shared outcomes of utility funding meetings.

December

- **December 6:** Final proposed budget posted on www.energytrust.org.
- **December 13, Board of Directors – Public meeting:** Final proposed budget and action plan presented for board consideration and vote.
- **December 16-27:** Board-approved budget submitted to OPUC and posted on www.energytrust.org.