Energy Trust of Oregon

Washington Utilities and Transportation Commission - May 12, 2010

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Presentation Outline

1. Services to NW Natural Washington customers
2. Orientation to Energy Trust
    - History and Funding
    - Governance and Structure
    - Planning and Goals
    - Program and Service Highlights
    - Evaluation
    - Results

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Washington Customers

NW Natural Washington Pilot

- Services to 60,000 NW Natural residential and commercial customers in Washington State
- Select Energy Trust services, resources and gas-only cash incentives
- $1 million budget

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Current Pilot Status

- Participation
  - 400+ NW Natural customers served
  - $71,000+ incentives paid
- Energy Savings
  - 36,000 annual therms
- Trade Ally Network
  - 130+ trade allies; > 50% based in Washington
- Collaboration with:
  - Clark and Klickitat PUD's
  - City of Vancouver and Clark County
  - BPA
  - Mid-Columbia Economic Development District
  - ARRA Funded Initiatives

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Early Cooperation Encouraging

- Enthusiasm and pride expressed
- Most common actions:
  - Homes: weatherization, efficient water heating equipment, new furnaces
  - Businesses: weatherization, boilers, food service improvements
- Outreach underway
- Possible New Homes construction program

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Advisory Group and Timeline

- Energy Efficiency Advisory Group (EEAG)
  - WUTC staff
  - Public Counsel
  - Office of the Attorney General
  - NW Natural
  - SW Washington stakeholders

- Timeline
  - First year: Oct. 1, 2009 – Sep. 30, 2010
  - Year-end report: Jan. 25, 2011
  - Third-party Benchmarking Rept: Mar. 2011
  - Decision: May 25, 2011

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History and Funding

Introducing Energy Trust

- 1999 State of Oregon Legislature (SB 1149)
- Purpose: acquire conservation, efficiency and renewable energy benefits for utility customers
- Only electric utilities
- Identifies 3 administrators

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SB 1149 Highlights

Oregon public purpose funds for:

- Cost-effective energy efficiency
- Up to 100% of the above market costs for new renewable energy projects
- Market transformation
- Self-direction option

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2007 Oregon Renewable Energy Act

- Establishes Renewable Energy Standard
  - 25 percent of Oregon's electricity produced by renewable energy sources by 2025
  - Energy Trust projects 20 MW or less
- Allows supplemental energy efficiency plans and funds
- Links Energy Trust efficiency results to utility acquisition plans
- Extends public purpose charge through 2025

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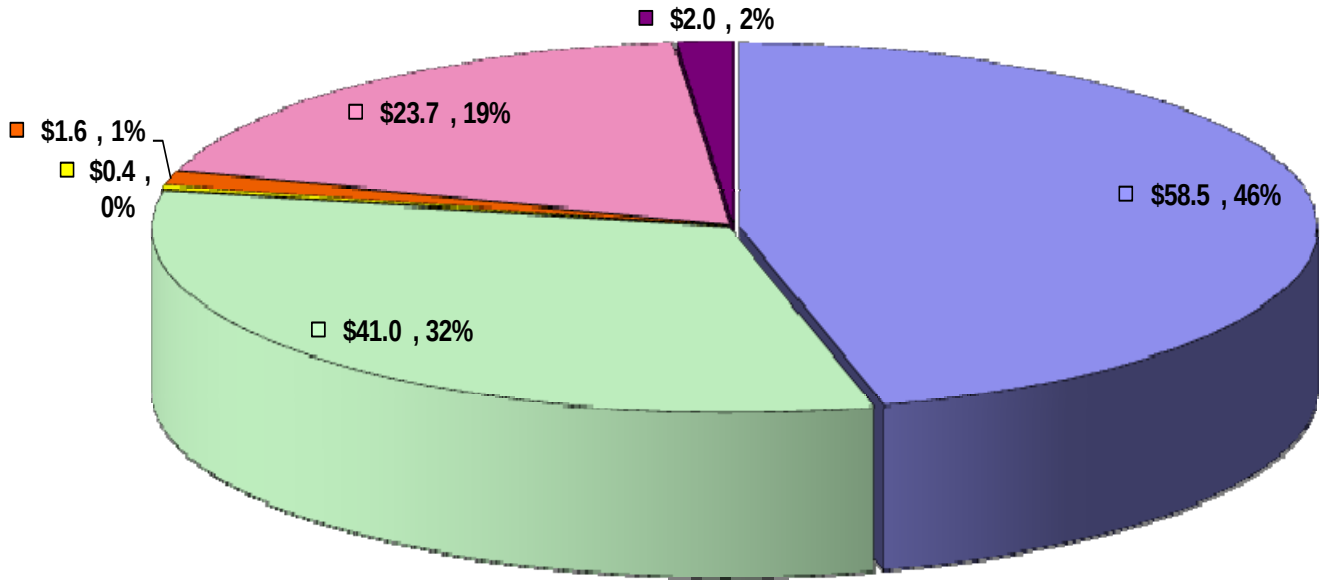
2010 Revenue by Funding Source



$ in millions
Total = $127.2 million

PGE | PacifiCorp | NWN WA | NWN Industrial DSM | NW Natural | Cascade

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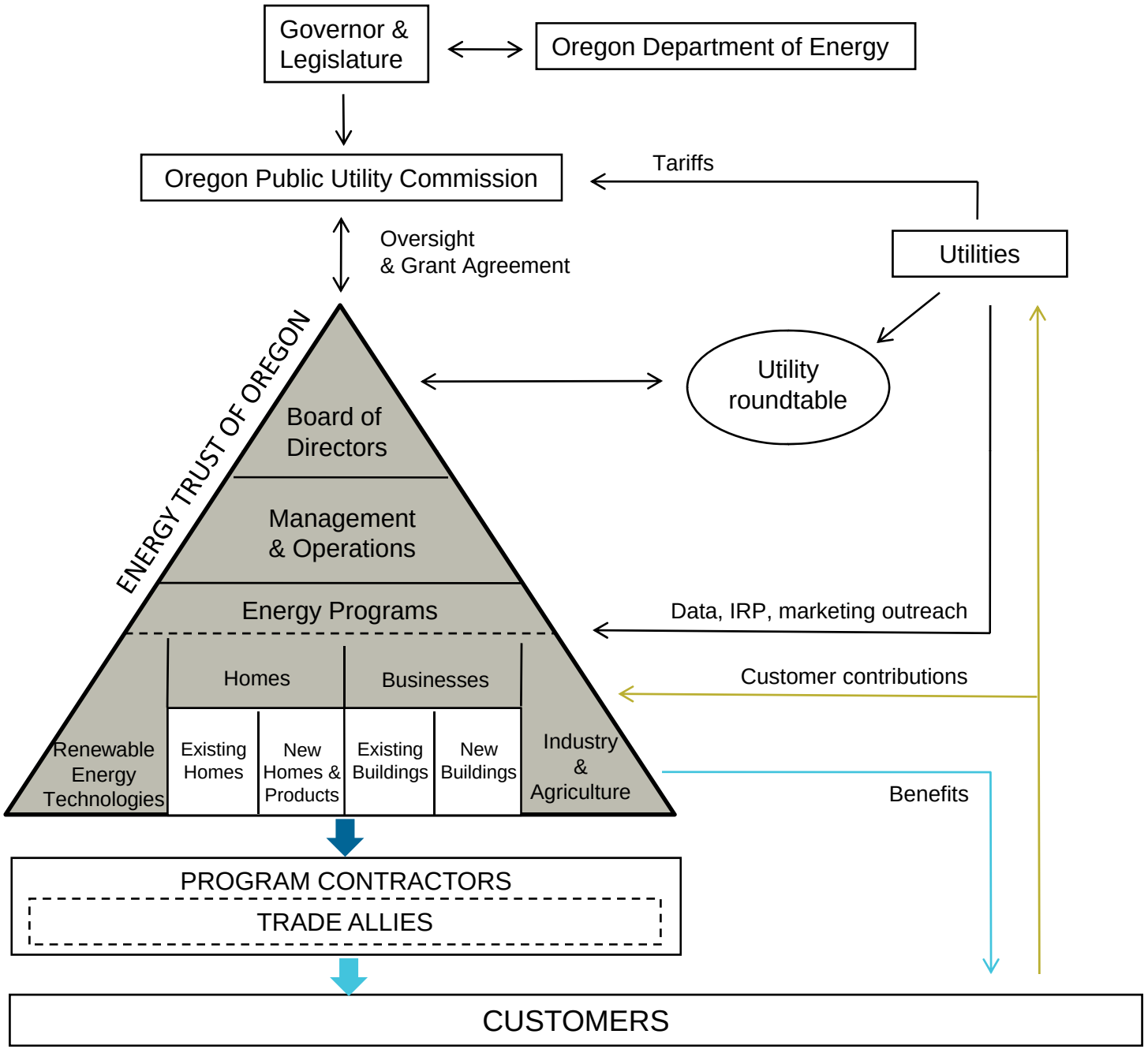
Governance and Structure


Governor & Legislature
Oregon Department of Energy
Oregon Public Utility Commission
Tariffs
Oversight & Grant Agreement
Utilities
Utility roundtable
ENERGY TRUST OF OREGON
Board of Directors
Management & Operations
Energy Programs
Homes
Businesses
Renewable Energy Technologies
Existing Homes
New Homes & Products
Existing Buildings
New Buildings
Industry & Agriculture
Data, IRP, marketing outreach
Customer contributions
Benefits
PROGRAM CONTRACTORS
TRADE ALLIES
CUSTOMERS

OPUC Oversight Role

- Energy Trust contract
- Minimum performance measures
- budget, action plan, strategic plan review
- Quarterly and annual reports
- Management audit every 5 years
- Legislative liaison
- Ex officio board member
- Advisory councils/committee participation
- “Notice of concern”
- Contract termination authority

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Minimum OPUC Targets and Budget Goals

Category	Measures	2010 Budget
Energy Efficiency	Obtain at least 31aMW computed on three-year rolling average Levelized life-cycle cost cap of no more than 3.5 cents/kWh	36.3 – 48.4 aMW 3.2 cents – 2.4 cents//kWh
Natural Gas	Obtain at least 1.8 million annual therms computed on a three-year rolling average Levelized cost not to exceed 60 cents/therm	3.6 – 4.7 million annual therms 51 – 40 cents/annual therm
Renewable Energy	Secure at least 3 aMW computed on a three-year rolling average from small scale projects	5.7 – 9.9 aMW
Financial Integrity	Receive an unqualified financial opinion from independent auditor on annual financial statements	Accounting conforms with Generally Accepted Accounting Principles
Administrative/Program Support Costs	Keep below 11% of annual revenue	6.7%
Customer Satisfaction	Achieve reasonable rates	Customer satisfaction research results
Benefit/Cost Ratios	Report both utility system and societal perspective on an annual basis	
Incremental Electric Efficiency Funding	Report annually energy savings achieved as a result of SB 838	

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Board of Directors Role

- Independent, volunteer, non-stakeholder board
- Public meetings
- Fiduciary responsibilities
- Strategic direction and policy
- Budget and plan approval
- Contract approvals above $500k
- Legal compliance
- Advisory council liaison
- Prohibited from lobbying

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Staff Role

- Strategic planning
- Program design and delivery
- Management and operations
- Contract oversight
- Customer service
- Stakeholder engagement
- Quality control and assurance
- Prohibited from lobbying

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Utility Participation

- Strategic Roundtable
- Integrated Resource Planning
- Tariff filings
- Data transfer
- Outreach and marketing
- Joint planning and collaboration

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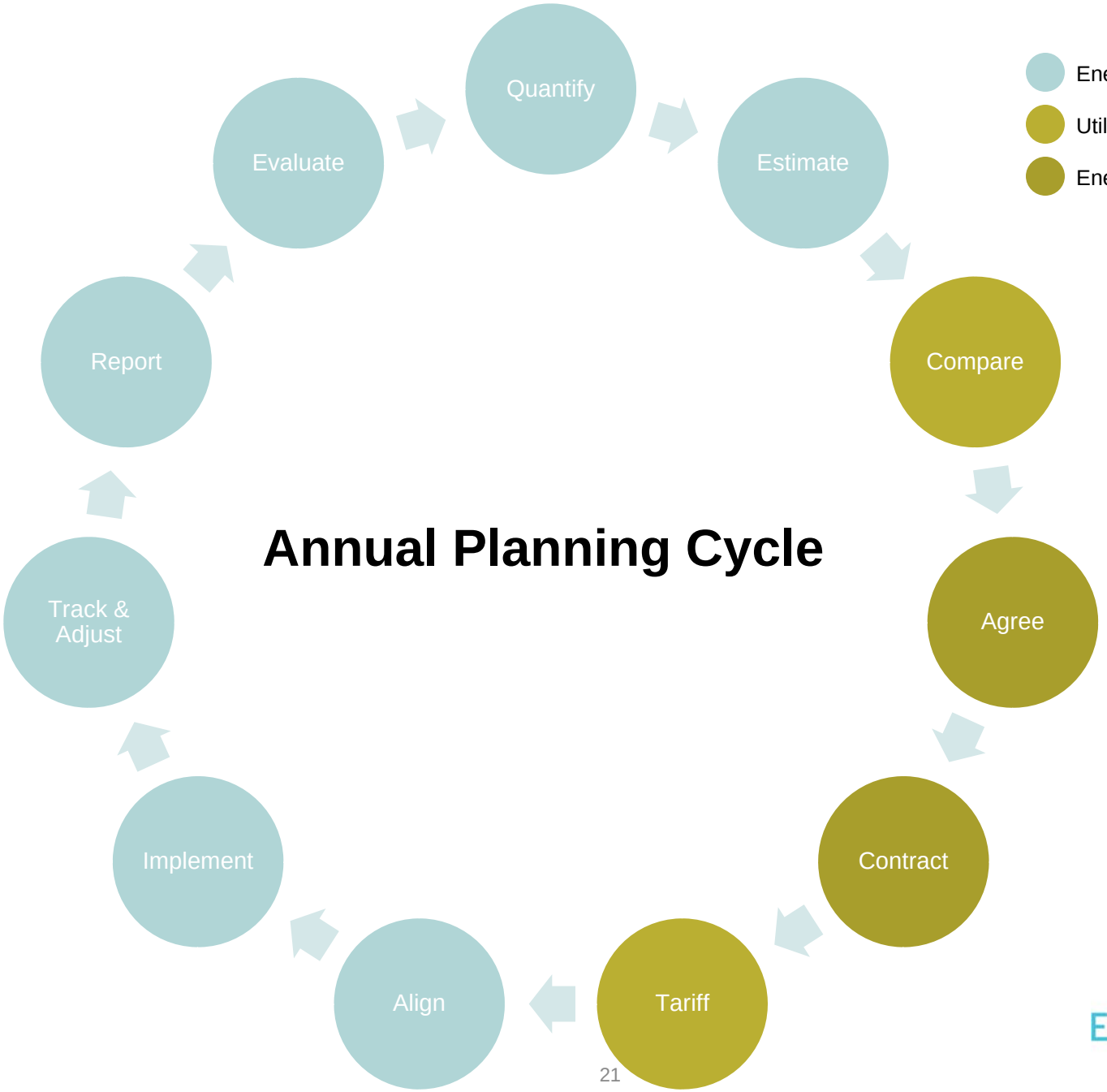
Planning and Goals

Annual Planning Cycle



Strategic Plan Five-Year Activities

1. Acceleration
2. Excellent customer service
3. Innovation
4. Balanced investments
5. Industry infrastructure
6. Communications
7. Efficiency and transparency

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Five Year Strategic Goals

2010 – 2014:

- Save 256 average megawatts of electricity
- Save 22.5 million annual therms
- Achieve 23 average megawatts of renewable energy

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Program and Service Highlights

Purpose

To provide comprehensive, sustainable energy efficiency, conservation and renewable energy solutions to those we serve.

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What We Provide

1. Information – Integrated across fuels, efficiency and renewables
2. Technical Assistance – Home Energy Reviews to engineering analyses and feasibility studies
3. Financial Assistance – Rebates, incentives and financing

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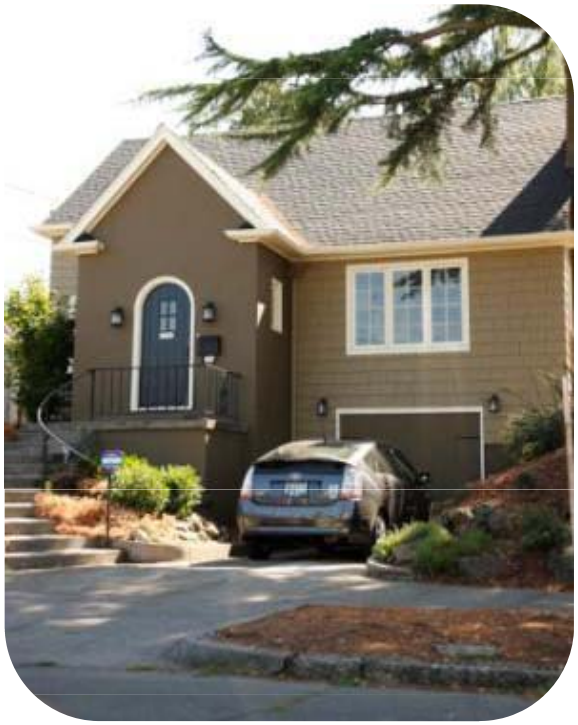
Home Improvements



- Existing, new, manufactured, mobile homes; renters, property owners
- Advice, technical assistance and audits
- Contractor training and referrals
- Kits
- Equipment, weatherization and solar incentives
- Appliance rebates
- Energy Performance Score
- Training

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Business Opportunities

- Existing and new buildings
- Assessments
- Energy modeling, design and technical assistance
- Contractor, designer, architect, builder training and referrals
- Building efficiency, equipment commissioning and solar incentives

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Industry and Agriculture Services

- Existing and new facilities
- Technical assistance
- Scoping studies and analyses
- Contractor training and referrals
- Customized solutions
- Cash incentives for qualified improvements

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Solar Electric & Solar Water Heating

- Free workshops
- Home assessments
- Contractor training and referrals
- Cash incentives
- Financing
- “Solarize” bulk purchase and neighborhood model

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Renewable Technologies

- Solar, wind, biopower, small hydro, geothermal
- Open solicitation
- Technical and project development assistance
- Feasibility studies
- Contractor training and referrals

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Evaluation

Evaluation

- Evaluation committee
- Fast feedback
- Third-party process and impact evaluations
- Staff responses
- Annual “true-up”
- All measurement and verification reports public

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2009 Customer Satisfaction Results

- Consistently high satisfaction ratings
- 2009 ratings:

Program	% Satisfied/Very Satisfied
Refrigerator Recycling	97%
Existing Buildings	95%
Production Efficiency	94%

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Results

Cumulative Results

Since 2002:

- Saved 222 average megawatts of electricity, equivalent to powering 187,400 average Oregon homes for a year
- 13.1 million annual therms of natural gas, equivalent to providing gas heat to about 26,000 homes for a year.
- Generated 99.7 average megawatts of renewable energy
- Continued growth in awareness, participation, project volume and results

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The Lowest Cost Energy We Can Buy

- Efficiency is 3-4 times less than building a new power plant
  - 2-3 cents per kWh vs. 8-10 cents per kWh for new generation
- Utility loads reduced 4.3% through 2009

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Economic Value Added

- Saved utility customers nearly $600 million dollars
- Generated $76 million in wages
- Contributed $11 million in new business income
- Created nearly 2,300 new jobs
- Attracted and supported over 1,500 contractors

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Keeping our Air Cleaner

- Offset more than 4.3 million tons of carbon dioxide generated by fossil fuels
- Equivalent to taking more than 750,000 cars off the road for one year

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Strengths of the Model

- Mission driven
- Stable funding
- Comprehensive services
- Objectivity
- Partnership and leverage
- Low administrative costs
- Accountability
- Transparency

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In Conclusion

We are somewhere between:

> "*We stand here confronted with insurmountable opportunities.*"
>
> - Amory Lovins, quoting Pogo

and:

> *"Do what needs to be done, and check to see if it was impossible only after you are done."*
>
> - Paul Hawken

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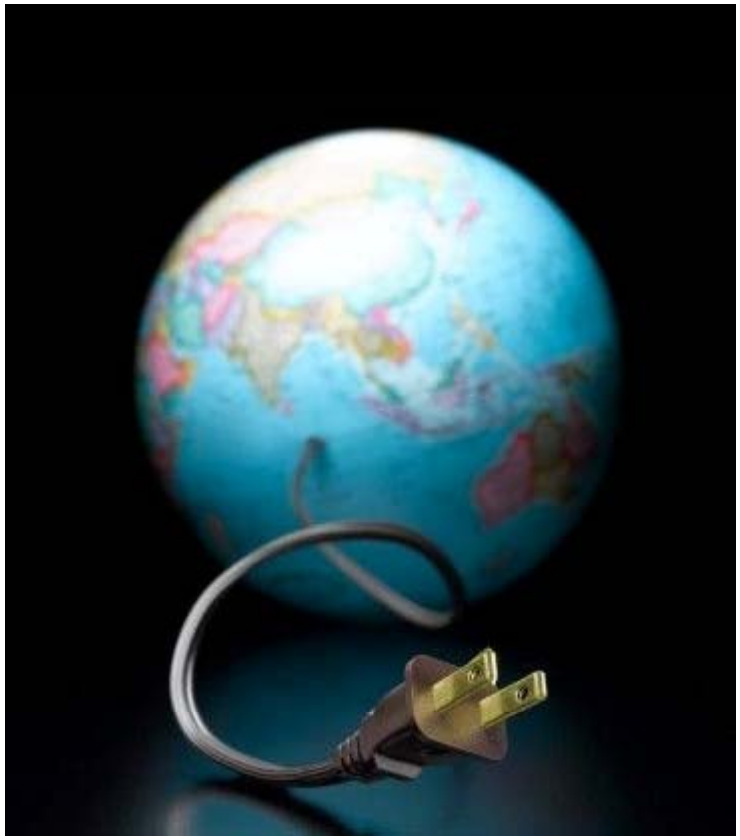
Questions/Discussion



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