

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 20, 2007**

REGULAR X CONSENT _____ EFFECTIVE DATE March 1, 2008

DATE: November 13, 2007

TO: Public Utility Commission

FROM: Lori Koho

THROUGH: Lee Sparling, Ed Busch and Bonnie Tatom

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: Requests Commission approval to allow automatic extension of the Grant Agreement between the PUC and the Energy Trust of Oregon to March 1, 2010.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow the automatic extension of the Grant Agreement between the Commission and Energy Trust of Oregon, Inc.

DISCUSSION:

The Oregon Legislature passed ORS 757.612, which established public purpose funding to be used for new cost-effective local energy conservation, new market transformation efforts, and the above-market costs of new renewable energy resources. ORS 757.612(3)(d) authorizes the Public Utility Commission of Oregon (PUC) to direct the manner in which these public purpose funds are collected and spent, and further provides the PUC with authority to direct the funds collected, be paid to a nongovernmental entity for investment in the public purposes. The Energy Trust of Oregon, Inc. (Energy Trust or Trust) was formed as a tax-exempt nonprofit corporation to act as the nongovernmental entity and the Commission has entered into a Grant Agreement with the Trust for use of the funds.

Section 4.a. of the Agreement states that, “[u]nless written notice that a party does not wish to automatically extend the term of this Agreement is provided to the other party on or before the date that is 90 days prior to each anniversary of the Effective Date, the parties agree that the term of this Agreement will be automatically extended for one additional year on each anniversary of the Effective Date.”

The Energy Trust's performance, relative to the Performance Measures set by the Commission, is the primary factor Staff considers in recommending renewing this grant agreement. However, local and regional perceptions are also a significant factor to consider prior to making any recommendation. Staff informally solicits input from interested parties about the Trust's performance throughout the year and formally solicits input prior to this annual recommendation to the Commission.

Performance Measures

The Trust has been providing regular updates to the PUC on its performance, and copies of all reports to the PUC are available in the "library" area of the Trust's website. The Trust has met or exceeded the performance measures set by OPUC as documented in the Trust's annual report for 2006. Quarterly reports for the first two quarters of 2007 indicate the Trust is still on track this year.

Comments from Interested Parties

In response to Staff's formal request for input on the renewal of the grant agreement, Renewable Northwest Project (RNP), Weatherization Industries Save Energy (WISE), and the Energy Trust were the only parties to provide written comments.

RNP submitted a letter strongly praising the results the Trust has achieved and supporting renewal of the grant agreement.

The comments from WISE were also in support of renewing the grant agreement. They specifically mentioned appreciating the work the Trust is doing to include residential weatherization contractors, distributors and manufacturers in the Trust's decision making process.

The Energy Trust supports renewal of the grant agreement and is also asking the Commission to consider some amendments. Staff has chosen to not bring those amendments to the Commission at this time. Staff, Department of Justice (DOJ) and the Trust are still negotiating the clarifying language that needs to be in the grant agreement as a result of recent legislation. Staff will bring the amendments the Trust is proposing at the same time we bring the proposed clarifying language before the Commission.

Informally, Staff has been asked by a few concerned ratepayers to consider the amount of money the Trust spends on marketing and Energy Trust branding. While the Energy Trust has continued to exceed the PUC's performance measures, Staff is sensitive to these public perceptions and will maintain a dialogue with the Trust about these expenditures.

National and Regional Recognition

Nationally and regionally, the Energy Trust is viewed as a model to be emulated. For example:

- In October, the American Council for an Energy Efficient Economy (ACEEE) recognized two of the Trust's programs in their "National Review of Exemplary Energy Efficient Programs."
- Earlier this year, Cascade Natural Gas (Cascade) approached the Trust to operate Cascade's energy efficiency programs in the state of Washington.
- In the past six months, OPUC Staff have been contacted by other states (Ohio, Michigan and Kansas) for more background on the Energy Trust model.
- Energy Trust staff are routinely asked to speak at conferences because they are highly regarded for the programs they deliver.

Again, Staff must bring to the attention of the Commission that the grant agreement does require amendments to include impacts of recent legislation. Staff, DOJ, and the Trust are currently working on those amendments and expect to bring them before the Commission in the first quarter of 2008. Staff could have asked the Commission to not renew the grant agreement until those amendments are finalized but did not want to send any signal to the Trust's current contractors that the grant agreement was in jeopardy for this time frame.

PROPOSED COMMISSION MOTION:

No action under Section 4.a. of the Grant Agreement be taken and the automatic extension of the Grant Agreement between the PUC and the Energy Trust of Oregon to March 1, 2010, be allowed.