

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 7, 2023**

REGULAR X **CONSENT** **EFFECTIVE DATE** March 8, 2023

DATE: February 27, 2023

TO: Public Utility Commission

FROM: Anna Kim

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1158)
2023 performance measure recommendations for Energy Trust of Oregon.

STAFF RECOMMENDATION:

Staff recommends the Oregon Public Utility Commission (Commission or OPUC) adopt the proposed performance measures as stated in this memo for evaluating the performance of Energy Trust of Oregon (Energy Trust) in 2023.

DISCUSSION:

Issue

Whether the Commission should adopt the proposed performance measures for evaluating the performance of Energy Trust in 2023.

Applicable Law

Energy Trust operates under a grant agreement with the Commission, as authorized under ORS 757.054(4), ORS 757.612(3), and ORS 757.746. The grant agreement requires the PUC to establish quantifiable performance measures that clearly define its expectation of Energy Trust's performance. The following statement can be found on page 3 of the grant agreement:

The Energy Trust and the PUC recognized the need for having valid and quantifiable performance measures that clearly define the PUC's expectation of the Energy Trust's performance. The performance

measures are developed to clarify minimum expectations for Energy Trust on an ongoing basis and may be adjusted from time-to-time. The Energy Trust will regularly report to the PUC, comparing actual performance to the PUC established performance measures. Should the Energy Trust fail to meet the performance measures adopted by the PUC, the PUC, at its discretion, may issue a Notice of Concern. In choosing to issue such a Notice of Concern, the PUC will take into account reasonable causal factors and any mitigating actions taken by the Energy Trust.

Under 2021's House Bill (HB) 3141, the legislature requires the Commission to establish equity performance metrics for Energy Trust related to environmental justice communities:

(1) As used in this section, "environmental justice" means the equal treatment, protection from environmental and health hazards, and meaningful involvement of environmental justice communities in the development, implementation and enforcement of regulations and policies that affect the environment in which people live, work, learn, practice spirituality and play.

(2) The Public Utility Commission shall establish, and update no less than once every four years, equity metrics for the purpose of assessing, addressing and creating accountability for environmental justice in the expenditure and investment of funds collected pursuant to ORS 757.054, through natural gas tariffs or through public purpose charges pursuant to ORS 757.612 and paid to a nongovernmental entity. The equity metrics and each update required by this section must reflect feedback gathered through a public process that is managed by the commission and that, at a minimum, includes representatives of environmental justice communities.¹

In Order No. 22-478, the Commission approved four equity metrics for Energy Trust in compliance with HB 3141.

In Order No. 22-360, the Commission waived performance measures for administrative costs (No. 5) and for staffing (No. 6) for evaluating the performance of Energy Trust in 2022.

¹ ORS 757.747.

Analysis

This memo presents annual performance measures for Energy Trust in 2023. This section starts with a brief explanation of the purpose and process of the annual performance measures before addressing each performance measure category. Staff notes that this year's performance measures incorporate compliance with HB 3141 through equity metrics as well as ongoing challenges in operating in a post-COVID-19 world. In this memo, there will be substantive discussion in the sections on administrative costs, staffing, and diversity, equity, and inclusion (DEI). Specifically, the HB 3141-compliant equity metrics are replacing past performance measures in the DEI category. Please see the section on the DEI category of performance measures for discussion of equity metrics implementation and targets.

Purpose and Process

The purpose of Energy Trust performance measures is to clearly define the Commission's minimum expectations for Energy Trust's performance. Performance measures are not meant to be targets or goals. Rather, they reflect a threshold by which the Commission can determine the health of Energy Trust programs. They are meant to provide early indicators of poor performance, which if not met, signal that changes may be required. Energy Trust sets specific goals, collaboratively developed with utilities and Staff, in its annual budget and action plan. These goals are based on available conservation and renewable generation as indicated by utility Integrated Resource Plan (IRP) targets and market studies.

While the annual update of performance metrics primarily takes place between Energy Trust and Staff, a substantial amount of work happens between the utilities and Energy Trust each year to develop Energy Trust's energy efficiency and renewable goals as a part of the budget development process. Under ORS 757.746(1), Energy Trust develops jointly with the utilities public utility-specific budgets, action plans, and agreements. Energy Trust worked with utilities in 2022 and established a process to develop these items jointly, which was implemented for the 2023 budget and action plan. In November each year, Energy Trust presents its annual budget and action plan to the Commission. The Commission then offers insight, direction, and recommendations to Energy Trust before finalization of the budget in December by the Energy Trust Board.² Energy Trust presented its 2023 budget and action plan to the Commission at a special public meeting on November 3, 2022.³

² For more information on Energy Trust's budget process please see:
<https://www.energytrust.org/about/reports-financials/budget-action-plan/>.

³ For more information on this special public meeting please go to:
https://oregonpuc.granicus.com/GeneratedAgendaViewer.php?view_id=2&clip_id=856.

Energy Trust performance measures cover a wide range of operational aspects as follows:

- 1) Electric Energy Efficiency;
- 2) Natural Gas Energy Efficiency;
- 3) Renewable Energy;
- 4) Financial Integrity;
- 5) Program Delivery Efficiency (administrative costs);
- 6) Staffing;
- 7) Customer Satisfaction;
- 8) Benefit/Cost Ratios;
- 9) NEEA and Market Transformation; and
- 10) Diversity, Equity, and Inclusion (equity metrics).

In 2012, the Commission approved a more systematic approach to developing Energy Trust’s annual performance measures.⁴ Each performance measure was explicitly linked to either Energy Trust’s annual budget goals and/or references Integrated Resource Plan (IRP) targets for a specific utility. Below, Staff reviews each metric and identifies proposed changes for 2022.

Measures Categories 1 and 2: Electric and Natural Gas Efficiency Savings and Levelized Costs

These performance measures for savings and levelized costs use the Board-approved savings goal as the basis for their calculations. The single savings objective per utility is calculated each year as 85 percent of Energy Trust’s Board-approved savings goal at a levelized cost ceiling. The OPUC’s levelized cost ceiling for Energy Trust is 115 percent of the Board-approved levelized cost goal for that year. **Staff proposes maintaining these measures for 2023 with updated targets.** The table below compares the 2022 and 2023 savings and proposes a levelized cost performance measure for each utility.

Table 1 – Efficiency Performance Measures by Utility, 2022 and 2023

Utility	2022 Performance Measure (Minimum aMW/therm and Levelized Cost)	2023 Performance Measure (Minimum aMW/therm and Levelized Cost)
Portland General Electric (PGE)	24.7 aMW at no greater than \$0.040/kWh	21.7 aMW at no greater than \$0.049/kWh

⁴ See UM 1158, Commission Order No. 12-094.

Utility	2022 Performance Measure (Minimum aMW/therm and Levelized Cost)	2023 Performance Measure (Minimum aMW/therm and Levelized Cost)
PacifiCorp (PAC)	18.3 aMW at no greater than \$0.039/kWh	16.7 aMW at no greater than \$0.040/kWh
Northwest Natural (NWN – Oregon Only)	4.9 M therms at no greater than \$0.54/therm	4.3 M therms at no greater than \$0.62/therm
Cascade (CNG)	0.64 M therms at no greater than \$0.63/therm	0.49 M therms at no greater than \$0.74/therm
Avista	0.56 M therms at no greater than \$0.59/therm	0.36 M therms at no greater than \$0.64/therm

Staff notes the year-over-year increase in levelized costs for all five utilities. This is consistent with Staff’s understanding of increased need for energy efficiency to help meet both electric and natural gas clean energy goals.

While levelized costs are an important indicator of performance, the importance of net peak reductions, greenhouse gas reductions, and other forms of targeted energy efficiency to alleviate energy burden or localized distribution needs continues to become more important. A low levelized cost is an indicator of Energy Trust’s efficiency, it also suggests unrealized opportunities to attain additional cost-effective energy efficiency.

Measure Category 3: Renewable Energy

In 2020, the Commission adopted Staff’s recommendation to make minor adjustments of the measures within the Renewable Energy category. The new measures report on trends over time and allow OPUC to offer more customized insights without penalizing Energy Trust for the normal variations in custom, non-solar project development and completion. The fifth measure for the Renewables Program was added in 2022 to reflect requirements for HB 3141. The statute requires that 25 percent of the public purpose charge expenditure allocated for renewables (including those from self-direct customers) be used for activities, resources, and technologies that serve low and moderate income customers starting this year. ⁵

⁵ OR Laws 2021, Ch. 547, Section 1, codified at ORS 757.612(3)(f).

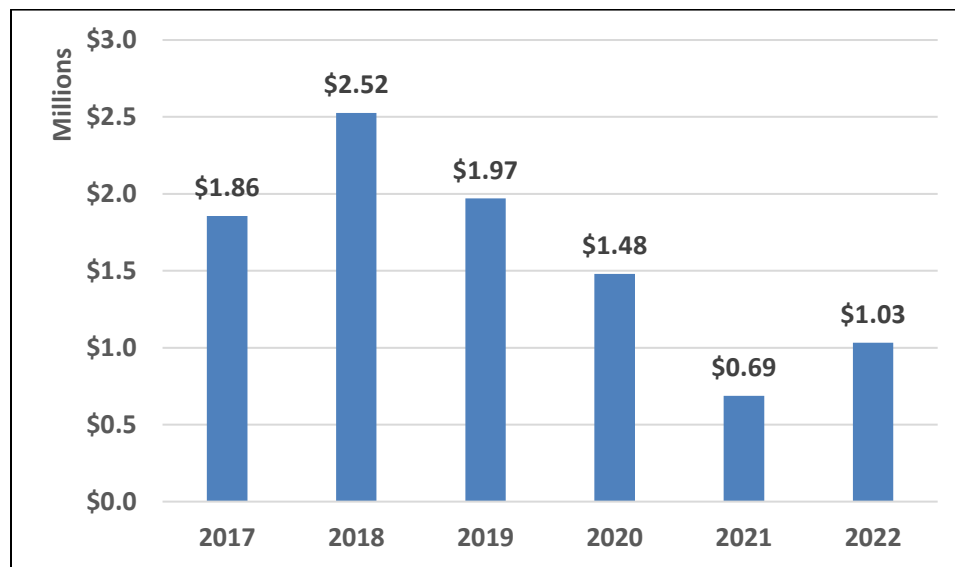
Below are Renewables measures from 2022:

- 1) Deploy \$1.5 Million in project and market development assistance with a project pipeline of non-solar projects in excess of 15 projects. Energy Trust will report the number of projects served, total funds spent, and summarize progress.
- 2) For project and market development assistance, Energy Trust will report annual results, including number of projects supported, milestones, and documentation or results from market and technology perspectives.
- 3) For the standard net-metered solar program, obtain at least 3.4 aMW of installed generation.
- 4) For solar projects funded outside of the program's standard net-metered incentive offer, Energy Trust will report all sources of funding for projects and the criteria for selection.
- 5) Invest at least \$3.8 million, 25 percent of public purpose revenue for renewables, to provide activities, resources, and technologies for low and moderate income customers.

The Renewables Program is undergoing many changes to respond to changing economic conditions, legislatively-mandated priorities, and customer interest. While it is important for Energy Trust to report on non-solar activities, the mix of solar and non-solar projects is evolving, particularly with the addition of distribution system connected technologies.

Additionally, customer interest in project development assistance decreased significantly since the start of the COVID-19 pandemic and the demand for this service has not resumed. Energy Trust provided the following chart that shows the decline in project and market development assistance. Energy Trust anticipates even less spending in 2023.

Figure 1: Spending on Project Development Assistance



Staff proposes removing the first performance measure from this list.

Renewables measures one and two appear duplicative as both report on the same activities. Reporting on these activities remains helpful while it is difficult to set an appropriate target for 2023. As a result, Staff recommends removing the first performance measures from this category to reduce duplication and acknowledge that the Renewables team is working towards better alignment with customer interest.

Proposed changes to the 2023 measures are presented in the following table, where the first measure from 2022 is removed and target values are updated.

Table 2 – Renewables Performance Measures for 2022 and 2023

2022 Measures	Proposed 2023 Measures
<ol style="list-style-type: none"> 1. Deploy \$1.5 Million in project and market development assistance with a project pipeline of non-solar projects in excess of 15 projects. Energy Trust will report the number of projects served, total funds spent, and summarize progress. 2. For project and market development assistance, Energy Trust will report annual results, including number of projects supported, milestones, and documentation or 	<ol style="list-style-type: none"> 1. For project and market development assistance, Energy Trust will report annual results, including number of projects supported, milestones, and documentation or results from market and technology perspectives. 2. For the standard net-metered solar program, obtain at least 4.3 aMW of installed generation. 3. For solar projects funded outside of the program's standard net-metered incentive

2022 Measures	Proposed 2023 Measures
<p>results from market and technology perspectives.</p> <p>3. For the standard net-metered solar program, obtain at least 3.4 aMW of installed generation.</p> <p>4. For solar projects funded outside of the program’s standard net-metered incentive offer, Energy Trust will report all sources of funding for projects and the criteria for selection.</p> <p>5. Invest at least \$3.8 million, 25 percent of public purpose revenue for renewables, to provide activities, resources and technologies for low and moderate income customers.</p>	<p>offer, Energy Trust will report all sources of funding for projects and the criteria for selection.</p> <p>4. Invest at least \$3.9 million,⁶ 25 percent of public purpose revenue for renewables, to provide activities, resources, and technologies for low and moderate income customers.</p>

Measure Category 4: Financial Integrity

Energy Trust engages a third party annually to conduct a financial audit once the calendar year has closed. **Staff proposes to maintain the current performance measure for financial integrity, which is to receive an unmodified financial opinion.** Energy Trust has met this measure every year since launching.

Measure Category 5: Program Delivery Efficiency (Administration)

The program delivery efficiency measure is a maximum threshold for administrative and program support costs and is calculated as a percentage of total annual revenues. The initial target of 11 percent was set in 2004 when establishing Energy Trust’s performance measures.⁷ Currently, the performance measure is set to eight percent of revenues.⁸

Since the 2019 budget cycle, Energy Trust has updated its annual budget documents to make it easier to determine applicable costs for this OPUC performance measure.⁹ Administrative costs fall under the following categories:

- Employee Salaries and Fringe Benefits if not directly related to program delivery;
- Agency Contractor Services if not billed to program delivery;
- Planning and Evaluation Services if not billed to program delivery;

⁶ This number is updated based on revenue forecasts for 2023.

⁷ See Order No. 04-593.

⁸ See Order No. 15-127.

⁹ See Order No. 18-076.

- Advertising and Marketing Services if not billed to program delivery;
- Other Professional Services if not billed to program delivery;
- Travel, Meetings, Trainings, and Conferences;
- Dues, Licenses, and Fees;
- Software and Hardware;
- Depreciation and Amortization;
- Office Rent and Equipment;
- Materials Postage and Telephone; and
- Miscellaneous Expenses.¹⁰

In Order No. 22-360, the Commission waived performance measures of administrative costs (No. 5) and staffing (No. 6) for use in evaluating the performance of Energy Trust in 2022. These waivers allowed Energy Trust to fully spend what has already been allocated in its 2022 budget and had no fiscal impact on ratepayers in 2022. The waivers also removed an artificial limit to Energy Trust spending, which would have negatively impacted the organization's 2022 operations in acquiring cost-effective energy efficiency savings.

In 2021, Energy Trust underspent on administrative costs in response to an unprecedented level of program participation in late 2020 and early 2021. As part of the strategy to adjust the 2021 budget in response to increased spending early in the year, Energy Trust cut back on advertising, marketing, and other professional services, resulting in less spending on administrative costs in 2021 than budgeted.¹¹

Energy Trust underspent its 2021 administrative cost budget by nearly 14 percent.¹² While Energy Trust had an approved 2022 administrative cost budget of \$15.2 million, the organization would have been limited to about \$13.7 million. This would have been necessary for Energy Trust to remain under the year-over-year growth limit, which would have put an unnecessary pause in needed hirings related to administrative work and other spending that could positively impact Energy Trust's operations, such as in the critical areas of Information Technology and Planning & Evaluation.

¹⁰ See Staff Report at Special Public Meeting on Energy Trust's 2019 Budget, November 8, 2018, pp. 10-11.

¹¹ Briefing Paper: Background on Factors Contributing to Amended 2021 Budget Proposal, Energy Trust, May 10, 2021, found at: <https://www.energytrust.org/wp-content/uploads/2021/05/2021-Amended-Budget-Briefing-Paper.pdf>.

¹² Ibid.

Table 3 – Administrative Costs¹³

	Total Administrative
2021 Budget	\$14,443,806
2021 Actuals	\$12,448,812
2022 Budget	\$15,297,123
2023 Budget	\$17,816,885

Once the waiver was granted, Energy Trust took immediate action to execute critical strategies to reduce turnover by converting contractors determined to have long-term responsibilities to full-time staff; increasing compensation for key staff; and ceasing the pause on new hiring. Some of these actions increased administrative costs, which are carrying over into 2023.

For 2023, Staff proposes to continue waiving the administrative and staffing cost performance measures. As discussed in the budget memo, Staff acknowledges that Energy Trust must take corrective action to stabilize its workforce and that some of these actions will result in increased administrative costs.¹⁴ Importantly, moving forward, Staff would like Energy Trust to have the flexibility and capability to expand services if there is increased demand for energy efficiency, whether that is because of a change in consumer demand or changes in utility needs to meet clean energy goals. The administrative cost performance measure should not be a deterrent to Energy Trust adapting to serve customer needs at a time when the value of energy efficiency is increasing.

Measure Category 6: Staffing

A performance measure for Energy Trust's staffing costs has been in effect since 2015.¹⁵ The measure is determined by calculating a three-year rolling average of total staffing costs divided by total annual expenditures. The three years used in the average are: the proposed next year's budget, current year budget forecast, and prior year actual costs. In 2017, Staff worked with Energy Trust to revise the performance metric from a 7.75 percent three-year rolling average, including contractor costs, to a 7.25 percent three-year rolling average, *not including agency contractor costs*. The measure was also modified to include a 10 percent cap on year-over-year increases.¹⁶

¹³ Provided by Energy Trust on September 14, 2022.

¹⁴ Staff Memo, Presentation of 2023 Draft Budget and 2023-24 Action Plan. p 14. found at https://oregonpuc.granicus.com/MetaViewer.php?view_id=2&clip_id=1040&meta_id=34576.

¹⁵ See Order No. 15-127.

¹⁶ See Order No. 18-076.

To increase transparency and accountability, Energy Trust began to report employee (staffing) costs and agency contractor costs separately in the 2019 budget. Agency contractors became a new line item in the budget.

In August 2019, in Order No. 19-292, the Commission adopted the following changes to Staffing measures:

- 1) For the next two years (2020-2021), reduce the annual growth in staffing costs from 10 percent to no more than 9 percent from year to year.
- 2) Remove the rolling average of staffing costs as a percent of total costs as the relationship between the two cost categories is continuing to evolve.
- 3) Report to the Commission on staffing trends and provide a recommendation for 2022 performance measures.¹⁷

These changes were enacted in response to the combination of declining savings projections and steeply increasing medical benefits costs at the time, which indicated that the existing performance measure was not providing the information the Commission sought. In this section, Staff provides some background and analysis, and concludes with a recommendation for the Staffing performance measure.

Since the start of the COVID-19 pandemic, Energy Trust continues to face a variety of new challenges and has made adjustments to ongoing and emerging economic changes.

The following table shows staffing costs by category as represented in past budgets, and estimated projections. Beginning with the 2020 budget, Energy Trust has reported numbers specifically related to the OPUC grant agreement, excluding activities in Washington and its contract with the Community Solar Program. In Table 2 below, these costs have also been removed from past budgets to ensure numbers represent the OPUC grant only.

Table 4 – Budgeted Staffing Costs by Category

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Projection
Salaries + Wages	\$11,404,360	\$11,901,167	\$13,059,737	\$14,998,382	\$16,679,418
Benefits	\$1,864,746	\$2,386,672	\$2,376,851	\$2,786,198	\$3,127,695
Other	\$1,783,992	\$1,843,003	\$2,020,051	\$2,273,525	\$2,531,658
Total Staffing	\$15,053,097	\$16,130,842	\$17,456,639	\$20,058,105	\$22,338,771

¹⁷ See Order No. 19-292 pg. 6.

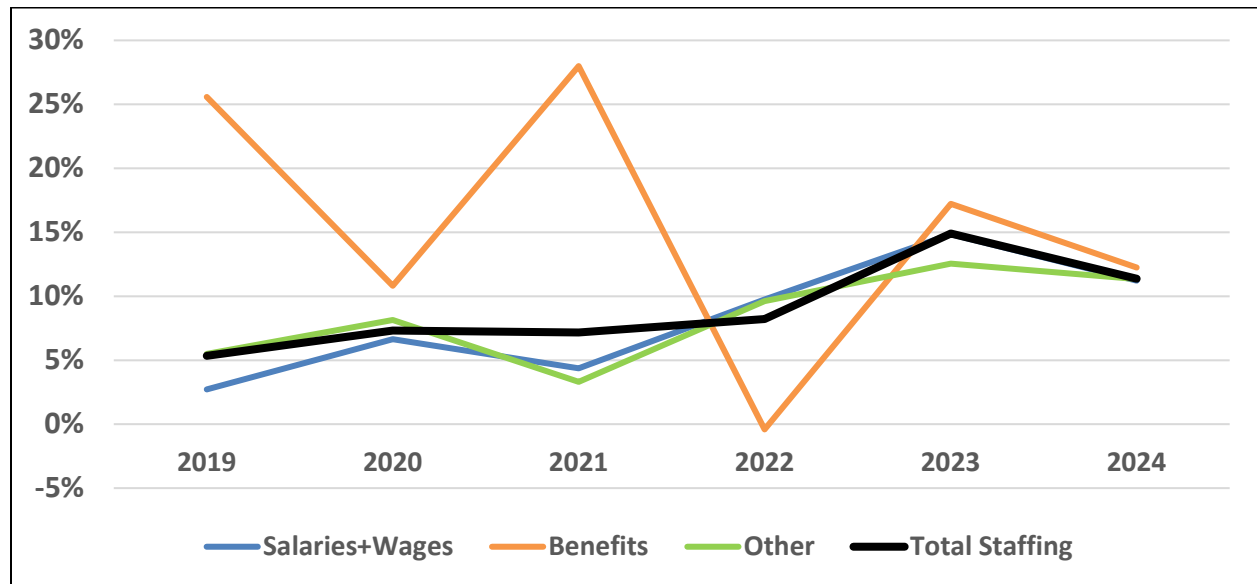
The Benefits category includes medical, dental, life insurance, and disability insurance.

The Other category contains:

- Payroll taxes;
- 401k;
- Net change in accrued vacation liability;
- Fees the organization pays to the 401k and savings plan providers; and
- Employee recognition.

The following chart shows the amount of change across staffing cost categories. The Benefits category continues to have the largest fluctuations and is primarily driven by medical benefits costs. Staff notes that Energy Trust has little control over medical benefits costs, which continue to be uncertain.

Figure 2: Annual Percentage Change in Staffing Costs (Budget)



In Order No. 22-360, the Commission waived performance measures for administrative costs (No. 5) and for staffing (No. 6) for evaluating the performance of Energy Trust in 2022.

Due to issues in the broader economy and staffing turnover in 2021, Energy Trust experienced a large variance between its approved annual staffing budget and actual staff spending. Energy Trust underspent its 2021 staffing budget by nearly

5.6 percent.¹⁸ The following table illustrates the difference between budgeted and actual spending in 2021.

Table 5 –Staffing Costs

	Total Staffing
2019 Budget	\$14,026,973
2020 Budget	\$15,053,097
2021 Budget	\$16,130,842
2021 Actuals	\$15,265,717
2022 Budget	\$17,456,639
2023 Budget	\$20,058,105

The language of Energy Trust’s performance measure No. 6 set a limit on *actual* year-over-year spending, not budgeted. While Energy Trust had an approved 2022 staffing budget of \$17.4 million, Energy Trust would have been limited to spending to about \$16.4 million in order to remain under the year-over-year growth limit. This would have put an unnecessary pause in needed hirings and other staff spending that could positively impact Energy Trust’s operations.

Once the waiver was granted, Energy Trust took immediate action to execute critical strategies to reduce turnover by converting contractors determined to have long-term responsibilities to full-time staff; increasing compensation for key staff; and ceasing the pause on new hiring.

For 2023, Staff proposes to continue waiving the administrative and staffing cost performance measures. As discussed in the budget memo, Staff acknowledges that Energy Trust must take corrective action to stabilize its workforce so that the organization can effectively provide the currently expected level of service for ratepayers. Staff also recognizes that additional investments are necessary if Energy Trust is to expand capabilities in targeting peaks and helping utilities meet state-mandated decarbonization goals.¹⁹ Further, Staff would like Energy Trust to have the flexibility and capability to expand services if there is increased demand for energy efficiency, particularly in the form of outreach to environmental justice communities. The staffing performance measure should not be a deterrent to Energy Trust adapting to serve customer needs at a time when the value of energy efficiency is increasing.

¹⁸ Ibid.

¹⁹ Staff Memo, Presentation of 2023 Draft Budget and 2023-24 Action Plan. p 12. found at https://oregonpuc.granicus.com/MetaViewer.php?view_id=2&clip_id=1040&meta_id=34576.

Measure Category 7: Customer Satisfaction

Energy Trust should maintain a minimum of 85 percent of customers indicating they are satisfied or very satisfied with interaction with program representatives where they are utilized (e.g., Existing Buildings Program), and overall satisfaction. ***Staff proposes to keep the customer satisfaction performance measure the same as last year.***

Measure Category 8: Benefit/Cost Ratios

Staff proposes to maintain the current performance measures for benefit/cost ratios as shown in Table 4 below.

Measure Category 9: NEEA and Market Transformation

Staff proposes to maintain the current performance measures for work with the Northwest Energy Efficiency Alliance (NEEA) as shown in Table 4 below.

Measure Category 10: Diversity, Equity, and Inclusion (DEI), Including Equity Metrics Under House Bill 3141

For 2023, Staff proposes replacing past performance measures in the DEI category with the new HB 3141 equity metrics and 2023 targets. To advance their development, in 2022 Staff engaged with stakeholders from environmental justice communities on developing equity metrics as required by House Bill 3141.

As background, the DEI category was introduced in 2019.²⁰ In Order No. 19-292, the Commission established a new category of performance measures to support and monitor Energy Trust's work in diversity, equity, and inclusion (DEI). These metrics were updated annually. Given the timing of this requirement, 2022 DEI performance measures were designed to support the HB 3141 equity metric development effort. The 2022 performance measures were:

1. Energy Trust will come to the [HB 3141 in 2022] equity metrics discussions prepared to provide information requested by the Commission as outlined in the Budget related to:
 - Key communities by utility service territory,
 - Impact of alternative fuels, and
 - Low-cost cooling measure opportunities.

²⁰ Order No. 19-292.

2. Energy Trust shall conduct a minimum of four engagement activities with community organizations to present, refine and finalize Energy Trust goals for DEI Operations.

Energy Trust completed these activities above leading up to the 2022 equity metrics engagements led by Staff in 2022.

In Order No. 22-478, the Commission approved four equity metrics for Energy Trust in compliance with HB 3141. These metrics reflect direct feedback from environmental justice communities, and relate to the following areas:

Metric 1: Access to Support for Communities,
Metric 2: Access to Information,
Metric 3: Energy Burden Reduction, and
Metric 4: Community Resilience.

After adoption of these metrics, Staff conducted an additional workshop on January 30, 2023 (Workshop No. 4), in order to develop annual targets for each metric above. After reviewing feedback from that engagement, Staff posted a draft proposal for 2023 targets on February 3, 2023, with a request for comments.

Staff received comments from Portland General Electric (PGE), Northwest Natural (NWN), Oregon Citizens' Utility Board (CUB), and Coalition of Communities of Color (CCC). Staff appreciates the time these organizations spent to thoughtfully review Staff's proposal and provide comments.

Below Staff presents the four equity metrics and associated proposed targets. We summarize stakeholder feedback for each and Staff's response and next steps.

Metric 1: Access to Support for Communities: Increased support to nonprofit organizations with a purpose to serve environmental justice communities or to support nonprofit-led initiatives serving environmental justice communities. Increased support can be incentives, training, and funding for energy efficiency upgrades, solar, or solar-with-storage projects.

2023 target: \$1.8 million spent, a 15 percent increase from \$1.6 million in 2022.

Staff defines "support" as financial support from Energy Trust in the form of incentives or contracts to nonprofits.

Stakeholder feedback on proposed 2023 target: During Workshop No. 4, stakeholders expressed interest in seeing more detailed qualitative information about how these funds were spent, particularly across different environmental justice communities. Stakeholders also expressed interest in supporting the capacity of community-based organizations (CBOs) and exploring how Energy Trust can support capacity-building.

In submitted comments, stakeholders would like to see more information on spending, and seeing a better connection between the activities and impacts on community members.

Energy Trust will report on how this money was spent in different environmental justice communities annually, starting with more details on baseline spending as part of the 2022 Annual Report. Staff also recommends that Energy Trust meet with nonprofits in 2023 to discuss opportunities and priorities for 2024 and work with RAC and CAC through Energy Trust's annual budget process.

Metric 2: Access to Information: Increased funding to support targeted outreach to environmental justice communities, including funding for community ambassadors, education, and workshops.

2023 target: 10 additional combined FTEs or community ambassadors focused on this effort, a roughly 35 percent increase in people over the 16.5 FTE and 12 community ambassadors in 2022.

Staff defines "ambassadors" as community members that are not Energy Trust staff or program delivery contractors, but who are community members contracted to provide outreach to environmental justice communities through an Energy Trust program or working group.

Stakeholders submitted comments on the proposed 2023 target:

In submitted comments:

- CUB emphasizes the desire to see that ambassadors are broadly representative of the environmental justice communities in Energy Trust's service territory, and that these ambassadors include people working outside of a CBO.
- PGE suggests being deliberate about what information to deliver, and how the information will be delivered.
- NWN suggests that project referrals may be a better indicator than the number of people involved.

Staff and Energy Trust also believe that it is important to identify ambassadors that environmental justice communities can trust and with whom they can identify.

Staff proposes that Energy Trust report on the coverage of environmental justice communities across these outreach staff (including implementation contractors) and ambassadors, and the outcomes that arise from these investments, starting with more details on past activities as part of the 2022 Annual Report.

Metric 3: Energy Burden Reduction: New and expanded low-cost and no-cost offers to reduce energy burden created and launched.

2023 target: 10 total offers, a 25 percent increase from the 8 offers available in 2022.

Staff proposes defining “expanded” as significant programmatic changes to an offer to make it more available.

Staff defines “low-cost offers” as participant paying no more than 20 percent of project and product costs and no more than \$500 total.

Stakeholder feedback on proposed 2023 target: During Workshop No. 4, stakeholders expressed an interest in more information about increased participation from this metric and how much energy was saved.

In submitted comments:

- PGE suggests counting number of participants rather than number of offers.
- CUB suggests targeting a higher number of offers and that in future, this metric may more directly measure energy burden reduced.
- CCC emphasizes the importance of addressing energy burden. CCC also suggests that \$500 may be too much for the customers with high energy burdens.

Staff appreciates these comments and understands the importance of alleviating energy burden. Staff also wishes to see Energy Trust’s processes develop towards a more direct connection between the offers available and energy burden reduced. At this time, Energy Trust is taking on the overarching strategy of stabilizing and investing in internal resources to be able to accelerate services in 2024 to meet both customer needs and utility resource needs. Energy Trust’s existing low-cost and no-cost offers, and those in development, will not be ready for significant expansion in 2023 but Staff hopes that by developing new offers, we will be ready to launch and expand later on, particularly

where there are opportunities to leverage the goals of other organizations to reduce energy burden and increase clean energy.

Based on this strategy, Staff recommends staying with developing two new offers in 2023, while also working towards opportunities for future expansion and better tracking of results in 2024.

Energy Trust will also provide information on the incentive spending and energy savings associated with no-cost and low-cost measures starting with more details on baseline spending and savings as part of the 2022 Annual Report.

Metric 4: Community Resilience: Solar and solar-with-storage system projects supported for low and moderate-income residents in areas with limited infrastructure or high energy burden.

2023 target: at least 5 CBOs engaged in creating and evolving the solar plus storage offer.

Projects must provide some services during an outage.

Staff defines “supported” as providing financial support to study, scope, or build projects.

Staff defines “low and moderate income residents” as 120 percent of state median income adjusted for household size, as is consistent with Energy Trust’s renewables spending requirement on low and moderate income customers.

Staff defines “limited infrastructure” to currently include but not be limited to rural areas as defined by Energy Trust’s DEI Operations Plan. Staff is further exploring additional indicator of social vulnerability for this definition, including renters and wildfire risk. Staff is considering additional options for indicators of “high energy burden” such as some indicators of social vulnerability.

Energy Trust is working on developing a solar plus storage offer to complement this metric to be launched mid-year. With that timeline, there will be no expected increase in spending from the program anticipated during 2023. Staff proposes a target based on the engagement of community-based organizations in creating this solar plus storage offer.

Stakeholder feedback on proposed 2023 target: In Workshop No. 4, stakeholders expressed interest in seeing more details with mapping limited infrastructure and high

energy burden. They also suggested that renters could be considered limited infrastructure. There was also interest in the kWh saved through this metric.

In submitted comments:

- CUB encourages Energy Trust to work with the communities that are currently engaging in the process and to consider changing “residents” to “communities”.
- PGE suggests focus on participation, not in program design. PGE also offers to partner and share information on battery storage, demand response, and distribution system-connected technologies.
- NWN suggests that gas backup could be an option for improving resilience.

Staff appreciates these suggestions and the offers to share learnings from different programs. Staff also invites Northwest Natural to share more about how gas backup could support resilience and how it could be funded as there is currently no mechanism to do so under Energy Trust’s existing funding sources.

Staff is not looking to change the language of the metrics at this time as they were approved in December 2022, but welcomes discussing a possible change from “residents” to “communities” for 2024.

Staff proposes that Energy Trust work with RAC, the Evaluation Committee, and interested stakeholders in 2023 to identify and test criteria for targeting limited infrastructure areas in addition to rural areas and high energy burden.

Overall feedback

Comments have been overall supportive of the effort to implement metrics with targets. Stakeholders also expressed an interest in more detailed information, more reporting on progress, and questions about how the measured target will result in the desired outcome. Stakeholders would like to see existing resources, funding, and data leveraged and in coordination with other organizations.

Staff notes that Energy Trust works with a range of partner organizations including utilities, Oregon Department of Energy, Oregon Department of Housing and Community Services, as well as other organizations including several Community Action Partnerships and community-based organizations (CBOs). Staff—and Energy Trust—welcomes these opportunities to develop and expand on relationships to share data and coordinate efforts.

Based on this feedback, Staff proposes that Energy Trust report annually and quarterly on these results with details on the quality and impact of these efforts in addition to

whether Energy Trust met the annual target itself. Staff also proposes that Energy Trust discuss progress and learnings with the Renewable Advisory Council (RAC), Conservation Advisory Council (CAC), and Diversity Advisory Council (DAC) in preparation for the annual budget process. If there are opportunities to make significant changes to the direction of Energy Trust’s equity work, having this discussion planned and included in the annual budget is the most effective way to ensure progress towards desired outcomes. In the meantime, Staff will work to communicate with organizations with which Staff has a relationship, adding new organizations and communities in 2024.

The following table summarizes Staff’s proposal for DEI performance measures and targets in 2023:

Table 6 – Proposed DEI Performance Measures Including Equity Metric Targets

2022 Measures	Proposed 2023 Measures
<ul style="list-style-type: none"> • Energy Trust will come to the equity metrics discussions prepared to provide information requested by the Commission as outlined in the Budget related to: <ul style="list-style-type: none"> • Key communities by utility service territory, • Impact of alternative fuels • Low-cost cooling measure opportunities. • Energy Trust shall conduct a minimum of four engagement activities with community organizations to present, refine and finalize Energy Trust goals for DEI Operations. 	<ul style="list-style-type: none"> • Increased support by \$200,000 to \$1.8 million to nonprofit organizations with a purpose to serve environmental justice communities or to support nonprofit-led initiatives serving environmental justice communities. • Increased funding to support targeted outreach to environmental justice communities, including funding for community ambassadors, education and workshops with the addition of 10 new outreach representatives. • Two new and expanded low-cost and no-cost offers to reduce energy burden created and launched. • Solar and solar-with-storage system projects supported for low and moderate income residents in areas with limited infrastructure or high energy burden by working with five community partners supporting program creation.

Summary of Proposed 2023 Performance Measures

The proposed 2023 performance measures for Energy Trust are detailed below. They include the previous year’s performance measures for comparison purposes.

Table 7 – Performance Measures for 2022 and 2023

Category	2022 Performance Measure	Proposed 2023 Performance Measure
1. Electric Energy Efficiency	Annual utility savings and levelized cost measure: <ul style="list-style-type: none"> • PGE: Obtain at least 24.7 aMW; Levelized cost not to exceed 4.0 cents/kWh. • Pacific Power: Obtain at least 18.3 aMW; Levelized cost not to exceed 3.9 cents/kWh. 	Annual utility savings and levelized cost measure: <ul style="list-style-type: none"> • PGE: Obtain at least 21.7 aMW; Levelized cost not to exceed 4.9 cents/kWh. • Pacific Power: Obtain at least 16.7 aMW; Levelized cost not to exceed 4.0 cents/kWh.
2. Natural Gas Energy Efficiency	Annual utility savings and levelized cost measure: <ul style="list-style-type: none"> • NW Natural: Obtain at least 4.9 million annual therm savings; Levelized cost not to exceed 54 cents/therm. • Cascade Natural Gas: Obtain at least 0.64 million annual therm savings; Levelized cost not to exceed 63 cents/therm. • Avista: Obtain at least 0.56 million annual therm savings; Levelized cost not to exceed 59 cents/therm. 	Annual utility savings and levelized cost measure: <ul style="list-style-type: none"> • NW Natural: Obtain at least 4.3 million annual therm savings; Levelized cost not to exceed 62 cents/therm. • Cascade Natural Gas: Obtain at least 0.49 million annual therm savings; Levelized cost not to exceed 74 cents/therm. • Avista: Obtain at least 0.36 million annual therm savings; Levelized cost not to exceed 64 cents/therm.
3. Renewable Energy	<ul style="list-style-type: none"> • For project and market development assistance (part 1), deploy at least \$1.5 million in non-solar project development assistance incentives. Maintain a non-solar project development assistance pipeline in excess of 25 projects. Report number of projects served total dollars spent, and summarize project progress through development stages. • For project and market development assistance (part 2), report annual results, including number of projects supported, milestones met and documentation of results from market and technology perspective. 	<ul style="list-style-type: none"> • For project and market development assistance, report annual results, including number of projects supported, milestones met and documentation of results from market and technology perspective. • Obtain at least 4.3 aMW of installed generation of standard net-metered Solar program projects. • For solar projects funded outside of the Solar program's standard, net-metered incentive offer, report sources of funding for projects and the criteria for selection. • Invest at least \$3.9 million, 25 percent of public purpose revenue for renewables, to provide activities, resources, and

Category	2022 Performance Measure	Proposed 2023 Performance Measure
	<ul style="list-style-type: none"> Obtain at least 3.4 aMW of installed generation of standard net-metered Solar program projects. For solar projects funded outside of the Solar program's standard, net-metered incentive offer, report sources of funding for projects and the criteria for selection. Invest at least \$3.8 million, 25 percent of public purpose revenue for renewables, to provide activities, resources, and technologies for low and moderate income customers. 	technologies for low and moderate income customers.
4. Financial Integrity	Unmodified financial opinion	Unmodified financial opinion
5. [Temporary waiver] Program Delivery Efficiency	[Temporary waiver] <ul style="list-style-type: none"> Administrative and program support costs must be below 8% of annual revenues (no more than \$15,980,475). Administrative and program support cost growth is limited to 10% year-over-year increase (no more than \$1,408,400). 	[Temporary waiver] <ul style="list-style-type: none"> Administrative and program support costs must be below 8% of annual revenues (no more than \$16,095,768). Administrative and program support cost growth is limited to 10% year-over-year increase (no more than \$1,529,712).
6. [Temporary waiver] Staffing	[Temporary waiver] Staffing cost growth is limited to 9% year-over-year increase (no more than \$1,451,776).	[Temporary waiver] Staffing cost growth is limited to 9% year-over-year increase (no more than \$1,745,639).
7. Customer Satisfaction	Greater than 85% satisfaction rates for: <ul style="list-style-type: none"> Interaction with program representatives. Overall satisfaction. 	Greater than 85% satisfaction rates for: <ul style="list-style-type: none"> Interaction with program representatives. Overall satisfaction.
8. Benefit/Cost Ratios	<ul style="list-style-type: none"> Report both utility system and societal perspective annually. Report significant mid-year changes as warranted in quarterly reports. 	<ul style="list-style-type: none"> Report both utility system and societal perspective annually. Report significant mid-year changes as warranted in quarterly reports.
9. NEEA and Market Transformation	Report annually: <ul style="list-style-type: none"> Savings and costs. Savings strategies. 	Report annually: <ul style="list-style-type: none"> Savings and costs. Savings strategies.

Category	2022 Performance Measure	Proposed 2023 Performance Measure
	<ul style="list-style-type: none"> Show Energy Trust direction to NEEA through committee membership. Summary of Energy Trust direction to NEEA. Summary of NEEA initiatives Energy Trust opts out of and why. 	<ul style="list-style-type: none"> Show Energy Trust direction to NEEA through committee membership. Summary of Energy Trust direction to NEEA. Summary of NEEA initiatives Energy Trust opts out of and why.
10. Diversity, Equity, & Inclusion	<p>Energy Trust will come to the equity metrics discussions prepared to provide information requested by the Commission as outlined in the Budget related to:</p> <ul style="list-style-type: none"> Key communities by utility service territory. Impact of alternative fuels. Low-cost cooling measure opportunities. <p>Energy Trust shall conduct a minimum of four engagement activities with community organizations to present, refine and finalize Energy Trust goals for DEI Operations</p>	<ul style="list-style-type: none"> Increased support by \$200,000 to \$1.8 million to nonprofit organizations with a purpose to serve environmental justice communities or to support nonprofit-led initiatives serving environmental justice communities. Increased funding to support targeted outreach to environmental justice communities, including funding for community ambassadors, education, and workshops with the addition of 10 new outreach representatives. Two new and expanded low-cost and no-cost offers to reduce energy burden created and launched. Solar and solar-with-storage system projects supported for low and moderate income residents in areas with limited infrastructure or high energy burden by working with five community partners supporting program creation

Conclusion

Staff proposes adopting the performance measures listed in Table 4.

PROPOSED COMMISSION MOTION:

Adopt the proposed performance measures as stated in this memo for evaluating the performance of Energy Trust in 2023.

Attachment 1: Equity Lens Review

The process to create equity metrics and set annual equity targets in 2023 aligns with an equity lens perspective. The questions below reflect equity lens consideration by PUC Staff.

Who are the socioeconomic groups affected?

All ratepayers are affected with disparate impacts particularly between those who participate in Energy Trust programs and those who do not.

Does this decision ignore or worsen existing disparities?

No, this decision actively works to address and correct existing disparities.

Does it reduce existing disparities?

Yes, these metrics are efforts to increase accessibility of information and services along with direct targeting of environmental justice communities.

What are possible unintended consequences?

Working towards these metrics may distract from other meaningful efforts that may be more effective.

How have we intentionally involved stakeholders who are members of communities affected by this decision?

Persons who represent or identify with environmental justice communities were involved in the project from the beginning. These metrics reflect direct feedback from environmental justice community members.

What barriers exist to outcomes that are more equitable?

This is an early stage of equity oversight for the OPUC and there is much to be learned. These metrics necessitate the development of new processes and the testing of different practices. There are also overall cost-effectiveness limits for this investment. Staff also identified specific barriers connected to each topic that each metric is intended to address:

Theme	Equity Metric	Equity Dimension	Barrier Addressed
1. Access to support for communities	Increased support to nonprofit organizations with a purpose to serve environmental justice communities or to support nonprofit-led initiatives serving environmental justice communities. Increased support can	Structural, Distributive	Lack of capital to participate in traditional programs

Theme	Equity Metric	Equity Dimension	Barrier Addressed
	be incentives, training and funding for energy efficiency upgrades, solar, or solar-with-storage projects.		
2. Access to information	Increased funding to support targeted outreach to environmental justice communities, including funding for community ambassadors, education and workshops.	Procedural, Distributive	Connecting to trusted and relatable energy information
3. Energy burden reduction	New and expanded low-cost and no-cost offers to reduce energy burden created and launched.	Structural, Distributive	Lack of capital to participate in traditional programs
4. Community resilience	Solar and solar-with-storage system projects supported for low and moderate income residents in areas with limited infrastructure or high energy burden.	Distributive	Limited resources and increased costs for projects in some areas

How will we mitigate negative impacts and address barriers?

Combining funding with other sources and other programs, ongoing examination of outcomes, and annual review of metrics. As Energy Trust develops processes to address these equity metrics, the organization will identify new opportunities to address and overcome barriers.