

February 7, 2024

Docket No. UM 1158: 2024 Draft Proposed Performance Measures for Energy Trust

This document presents Staff's proposed draft 2024 performance measures for Energy Trust of Oregon, to be discussed with stakeholders at a workshop on [February 14, 2024, 10:00 am](#). Following the workshop, Staff will revise the proposed measures and bring forward for Commission consideration at a public meeting in March. The document is structured as follows:

- Background on the purpose of performance measures
- Performance measures with routine or minimal changes
- Issues for stakeholder discussion
 - Equity metrics
 - Outcome-based measures for market infrastructure investments
 - Administrative and staffing costs
- Next steps and Staff contacts
- References

Background

Energy Trust of Oregon (Energy Trust) operates under a grant agreement with the Oregon Public Utility Commission (Commission) with the mission to pursue all cost-effective energy efficiency resources on behalf of investor-owned utilities as well as above-market renewable generation through the Public Purpose Charge. Energy Trust's organizational budget consists of 98% energy efficiency funding subject to the Commission grant agreement and 2% percent other contracts.

The grant agreement requires the PUC to establish quantifiable performance measures that clearly define the PUC's expectation of Energy Trust's performance. Section 2.e. of the Grant Agreement specifies:

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.

Every year, Staff uses Energy Trust's organizational budget and action plan as a starting point to define performance measures. The Energy Trust budget is developed through a public process, including the input from utilities, stakeholder, and the Commission. The budget process culminates in utility-specific budgets and action plans that, among other things, determine how much utilities recover through rates for energy efficiency investments. This process was established after the passage of HB 3141 in 2021,

which transitioned energy efficiency investments from a fixed public purpose charge to a requirement to acquire all cost-effective energy efficiency. Staff takes the most important budget goals and reflects them in minimum performance thresholds. The Commission approved Staff’s recommended performance measures for 2023 in [Order No. 23-082](#).

In 2021, the State Legislature passed a bill that requires the establishment of equity metrics to create accountability for environmental justice in Energy Trust expenditures for energy efficiency and renewable generation ([HB 3141](#)). The Commission established equity metrics through [Order No. 22-478](#) on December 14, 2022. Since then, Staff has incorporated equity metrics in its annual performance measure updates. This year, Staff will need to update the targets for these equity-related performance measures to reflect the upcoming year.

Energy Trust’s [2024 budget and 2024-2025 action plan](#) anticipate a 35 percent increase in expenditures to \$305.6 million in 2024. While the planned increase in electric and gas savings is modest (48 aMW; 6.75 MMth), Energy Trust argues it is making infrastructure investments that are necessary to acquire future savings. The Commission directed Staff to work with Energy Trust to reflect outcomes of these investments in performance measures. Additionally, given the increased 2024 budget, administrative cost caps are misaligned and need to be updated. The same is true for staffing: while performance measures previously limited staffing growth, this year’s budget specifically authorized staffing increases.

Performance Measures with Routine or Minimal Changes

Questions for Stakeholders: Staff has no specific prompts for these routine updates but welcomes all stakeholder feedback.

Table 1: Performance Measures with Routine or Minimal Changes

Category	2023 Measure	2024 Proposal	Explanation
Electric Efficiency Savings and Costs	Minimum of 21.7 aMW at no greater than 4.9 cent/kWh for PGE.	Minimum of 24.3 aMW at no greater than 5.8 cent/kWh for PGE.	85% (for savings)/115% (for costs) of budget goals.
	Minimum of 16.7 aMW at no greater than 4.0 cent/kWh for PAC.	Minimum of 16.4 aMW at no greater than 6.3 cent/kWh for PAC.	85%/115% of budget goals.
Gas Efficiency Savings and Costs	Minimum of 4.3 MM therms at no greater than 62 cent/therm for NWN.	Minimum of 4.6 MM therms at no greater than 80 cent/therm for NWN.	85%/115% of budget goals.
	Minimum of 0.49 MM therms at no greater than 74 cent/therm for Cascade	Minimum of 0.51 MM therms at no greater than 83 cent/therm for Cascade.	85%/115% of budget goals.

Category	2023 Measure	2024 Proposal	Explanation
	Minimum of 0.36 MM therms at no greater than 64 cent/therm for Avista.	Minimum of 0.31 MM therms at no greater than 82 cent/therm for Avista.	85%/115% of budget goals.
Renewable Energy	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.	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	Identical.
	Obtain no less than 4.3 aMW of net-metered solar generation	Obtain no less than 3.5 aMW of net-metered solar generation.	85% of budget goal.
	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.	For custom projects, report criteria for selection and how the project helps achieve sector goals.	Custom projects happen at somewhat unpredictable intervals. New language better captures the purpose of this measure.
	Spend at least 25% of public purpose revenue for renewables, to provide activities, resources, and technologies for low- and moderate-income customers.	Spend between 25% and 50% of public purpose revenue for renewables, to provide activities, resources, and technologies for low- and moderate-income customers.	While 25% is a legal minimum, Staff would like to see Energy Trust achieve its budget goal of focusing the solar program on low- and moderate-income customers.
Financial Integrity	Receive an unmodified opinion from an	Receive an unmodified opinion from an	Identical.

Category	2023 Measure	2024 Proposal	Explanation
	independent financial audit.	independent financial audit.	
Customer Satisfaction	A minimum of 85% of customers report being satisfied or very satisfied overall.	A minimum of 85% of customers report being satisfied or very satisfied overall.	Identical.
	A minimum of 85% of customers report being satisfied or very satisfied with interactions with program representatives.	A minimum of 85% of customers report being satisfied or very satisfied with interactions with program representatives.	Identical.
Benefit/Cost Ratio	Report utility system and societal perspective annually by program.	Report utility system and societal perspective annually by program.	Identical.
	Report significant mid-year changes as warranted in quarterly reports.	Report significant mid-year changes as warranted in quarterly reports.	Identical.
NEEA and Market Transformation	Report Savings and Costs.	Report Savings and Costs.	Identical.
	Report Savings Strategies.	Report Savings Strategies.	Identical.
	Show Energy Trust direction to NEEA through committee membership.	Show Energy Trust direction to NEEA through committee membership.	Identical.
	Summary of Energy Trust direction to NEEA.	Summary of Energy Trust direction to NEEA.	Identical.

Equity Metrics

Questions for stakeholder: What are your suggestions for measuring meaningful progress toward equity goals? Do definitions need updating? Are Staff’s proposed targets appropriate?

After passage of HB 3141, Staff conducted multiple rounds of stakeholder engagements which led to the adoption of equity metrics at the end of 2022.¹ The four adopted equity metrics are: (1) access to

¹ See Order 22-478.

support for communities, (2) access to information, (3) energy burden reduction, and (4) community resilience. In Order No. 23-082, the Commission adopted specific targets for the equity metrics to incorporate them into the annually reviewed performance measures. In 2024, Staff proposes to move away from measuring activities to outcomes for target populations, as shown in the table below.

Table 4: Equity-Related Performance Measures

Equity Metric	2023 Performance Measure	Proposed 2024 Performance Measure
<p>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.</p>	<p>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.</p>	<p>Spend at least \$4.5 million in support (including incentives) of nonprofit organizations supporting environmental justice communities.</p> <p>In comparison with 2023, increase the number of participating community-based organizations, the number of projects completed, the amount of savings achieved, and \$ of incentives delivered.</p>
<p>Access to Information. Increased funding to support targeted outreach to environmental justice communities, including funding for community ambassadors, education, and workshops.</p>	<p>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.</p>	<p>Add staff to a total of 35 FTE to support targeted outreach to environmental justice communities.</p> <p>Describe at least ten examples of how outreach efforts have led to new projects that delivered savings to environmental justice communities.</p>
<p>Energy Burden Reduction. New and expanded low-cost and no-cost offers to reduce energy burden created and launched.</p>	<p>10 total offers, a 25 percent increase from the 8 offers available in 2022.</p>	<p>In comparison with 2023, increase the number of community partners and customers receiving no-or low-cost offers.</p> <p>Report any additional demographic information for customers (e.g. income categories, race/ethnicity) if available.</p>

Equity Metric	2023 Performance Measure	Proposed 2024 Performance Measure
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.	At least 5 CBOs engaged in creating and evolving the solar plus storage offer.	<p>Increase the number of solar and solar plus storage projects in development or completed for low-and moderate-income customers.</p> <p>Report total projects and projects (completed and in development) in census tracts that are rural or have above-average energy burden.</p> <p>Report learnings from program operations and stakeholder feedback. Describe how it will be used to improve the offering.</p>

Outcome-based measures for market infrastructure investments

Stakeholder Questions: What are your suggestions for operationalizing Energy Trusts market infrastructure investments into measurable outcomes? What are your reactions to Staff’s proposal below?

At the Commission’s November 2, 2023, Special Public Meeting, Commissioners directed Staff to adopt performance measures associated with Energy Trust’s market infrastructure investments.² These investments include \$2.6 million to develop and expand the Trade Ally network, \$2 million for workforce development, \$4.6 million for partnerships with community-based organizations, and \$3 million for community engagement and support.

Table 5: Outcome-Based Performance Measures

Topic	Proposed 2024 Performance Measure	Explanation
Develop and expand the Trade Ally network	In comparison with 2023, increase the number and diversity (women- and minority-owned businesses) of active trade allies, as well as the number of projects completed and savings.	While Staff acknowledges that Trade Ally numbers may ebb and flow for numerous reasons, Staff believes that the investment is substantive enough to expect noticeable increases by the end of the year.

² See also, Oregon Public Utility Commission letter to Energy Trust of Oregon, December 6, 2023.

Topic	Proposed 2024 Performance Measure	Explanation
	<p>Explain how Energy Trust efforts have helped customers gain access to a broader and more diverse network of qualified contractors.</p>	<p>Staff also includes the more qualitative measure below to capture effects that cannot be seen in the statistics.</p> <p>Women- and minority-owned businesses do not have to be certified.</p> <p>Active means Trade Allies that completed at least one project.</p>
Workforce development	<p>Report activities and spending.</p> <p>Explain how Energy Trust efforts have helped potential trades people gain skills and opportunities; and have increased the availability of qualified workers.</p>	Workforce development efforts are in their infancy and overall outcomes are hard to assess.
Partnerships with community-based organizations	See equity metric, support for communities.	
Community engagement and support	See equity metric, access to information.	

Administrative and Staffing Costs

Questions for Stakeholders: What are the benefits and risk of changing the definition of administrative costs? How much should administrative costs be allowed to grow year-over-year? Is capping staffing cost growth a good performance measure given plans to grow? What are possible alternatives?

Please note that Staff is proposing some initial changes to administrative and staffing performance measures, but Staff expects to have more in-depth discussion concerning these issues during Energy Trust’s transition to multi-year planning. In the meantime, Staff will monitor various definitions of administrative expenses.

Under the heading of program delivery efficiency, Staff has set maximums for administrative and program support costs. As a category this comprises administrative costs as defined by General Accepted Accounting Principles (GAAP) as well as program support costs, defined as anything not billed

to direct program delivery.³ This includes things like office space, IT, and travel expenses that benefit specific programs.

Since 2015, the Commission required Energy Trust to spend no more than 8% of revenues on administrative costs.⁴ In 2023, the Commission kept this measure but waived its application.⁵ Staff argued that this would give Energy Trust needed flexibility to continue to grow. This year, Staff proposes to move to measuring administrative costs as a percentage of expenditures instead of revenues and capping it at 6.5%. Staff believes that using expenditures as a denominator is the more sensible method since reserves will not affect the measurement. Staff also proposes to move to measuring administrative costs as defined by GAAP. This will move the program share of administrative expenses including office space and equipment, IT services, travel, conferences, and materials from administrative costs to program delivery costs. This change puts Energy Trust accounting in line with most other non-profit entities and allows for easier comparison.

Table 2: Administrative Costs under Different Methods

	2022 Actual	2023 Budget	2024 Budget
Administrative Costs (GAPP)	14,083,859 (10,961,677)	17,816,885 (13,506,263)	22,803,607 (17,180,235)
Percent of Revenues	7.0%	8.5%	8.5%
Percent of Expenditures	7.2%	7.9%	7.5%
Percent of Expenditures (GAPP)	6.0%	6.0%	5.6%
Percent Increase	13.0%	26.5%	28.0%
Percent Increase (GAPP)	19.4%	23.2%	27.2%
Expenditure Growth	0.0%	24.0%	35.2%

Since 2019, administrative and program support cost growth is limited to a 10 percent year-over-year increase.⁶ In 2022 and 2023, the Commission kept this performance measure but waived its application to allow Energy Trust to grow.⁷ Given Energy Trust’s already approved expansion, administrative costs will grow 27.2% this year. However, Staff would like to see economies of scale in the expansion. To further that, Staff requests Energy Trust report the increase in administrative expenses and compare it to overall expenditure growth.

The performance measure for staffing used to include a cap on total staff costs as well as staffing cost growth but in 2019 was changed to a 10% cap on year-over-year increases.⁸ In 2022 and 2023, the Commission kept this performance measure but waived its application to allow for expansion of

³ Last defined in Staff Memo for the November 7, 2019 Special Public Meeting ETO Budget Presentation, https://oregonpuc.granicus.com/MetaViewer.php?view_id=2&clip_id=437&meta_id=23410

⁴ See Order No. 15-127.

⁵ See Order No. 23-082.

⁶ See Order No. 19-072.

⁷ See Order No. 22-360, Order No. 23-082.

⁸ See Order No. 19-292.

services.⁹ In its 2024 budget, Energy Trust proposes to increase staffing cost by 27.1%.¹⁰ This requires another change of the performance measure. Staff proposes to limit total staffing costs to 9.5% of expenditures and have Energy Trust report on staffing needs and performance.

Table 3: Administrative Costs and Staffing Performance Measures

2023 Performance Measure	Proposed 2024 Performance Measure
Administrative and program support costs must be below 8% of annual revenues (no more than \$16,095,768) [waived].	Administrative costs must be at or below 6.5% of expenditures.
Administrative and program support cost growth is limited to 10% year-over-year increase (no more than \$1,529,712) [waived].	Report the year-over-year increase in administrative costs in comparison with the increase in expenditures.
Staffing cost growth is limited to 9% year-over-year increase (no more than \$1,745,639) [waived].	Total staffing costs are limited to 9.5% of expenditures. Report on staffing needs and performance.

Next Steps and Staff Contacts

Staff takes stakeholder comments seriously. After the workshop, Staff will revise the proposal and bring it forward for Commission consideration at the March 19, 2024, public meeting.

If you would like to join the service list for UM 1158, email your request to puc.hearings@puc.oregon.gov. If you have questions or comments, please contact Benedikt Springer at (503) 428-9210 or benedikt.springer@puc.oregon.gov.

Benedikt Springer
 Oregon Public Utility Commission
 201 High St. SE Salem, OR 97301
 (503) 428-9210
benedikt.springer@puc.oregon.gov

⁹ See Order No. 22-360, Order No. 23-082.

¹⁰ 2024 Energy Trust Budget and 2024-2025 Action Plan, p. 19.

References

- [UM 1158](#): Commission Docket that contains all documents related to establishing performance measures for Energy Trust.
- [HB 3141](#) (2021): Requires equity metrics to assess Energy Trust programs.
- [Order No. 15-127](#): Adopted 2015 performance measures.
- [Order No. 19-072](#): Adopted 2019 performance measures.
- [Order No. 22-360](#): Waived administrative and staffing cost growth performance measures for 2022.
- [Order No. 22-478](#): Adopted equity metrics.
- [Order No. 23-082](#): Adopted 2023 performance measures.
- Energy Trust's [2024 budget and 2024-2025 action plan](#).