Energy Trust of Oregon: Accelerating Building Energy Efficiency and Customer-sited Renewable Energy

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Energy Trust of Oregon

Agenda

- About Energy Trust
- Funding sources and structure
- How efficiency and renewables fit into utility resource planning
- Benefits and results
- Evolving to meet customer needs

About us

Independent nonprofit

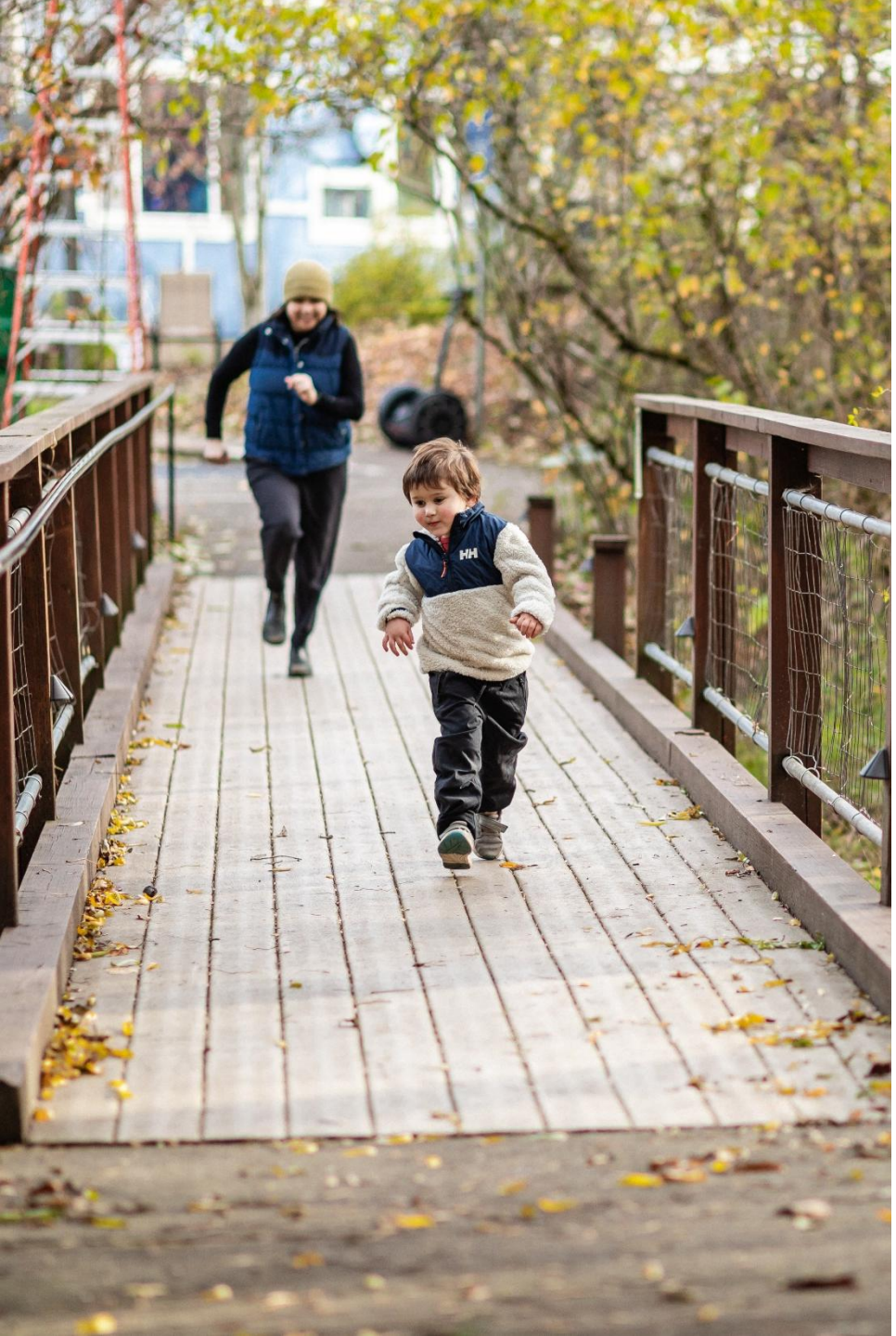
Serving 2.4 million customers of Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista

Providing access to affordable energy

Generating homegrown, renewable power

Building a stronger Oregon and SW Washington

Our Vision:
Clean affordable energy for everyone



Clean energy acquisition

- Efficiency is among the least expensive, most benign energy we can buy
- For every $1 invested by Energy Trust in energy efficiency, ratepayers will save $2.72
- Reducing the need for more expensive conventional, fossil fuel resources
- Using renewable resources is the cleanest way to generate energy

Since 2002, Energy Trust has:

Acquired electric and natural gas savings at…

32% and **20%**

...of the cost utilities would have paid to acquire and deliver that energy through supply-side resources

Customers' energy-efficiency actions have reduced electric load by 16% and natural gas load by 9% compared to what they would have been otherwise

Funding Sources and Structure

History: 1996-1999 and beyond

- Energy efficiency policy foundations
  - Regional law designates energy efficiency as an energy resource
  - State law requires least-cost planning for investor-owned utilities
  - State law “stabilizes” transparent funding during deregulation era
- Public purpose charge
  - State’s public utility commission directs flow of dedicated electric funding
  - Energy Trust of Oregon formed as nongovernmental entity to administer
  - Natural gas contracts added by commission
  - Statute modifications made over time

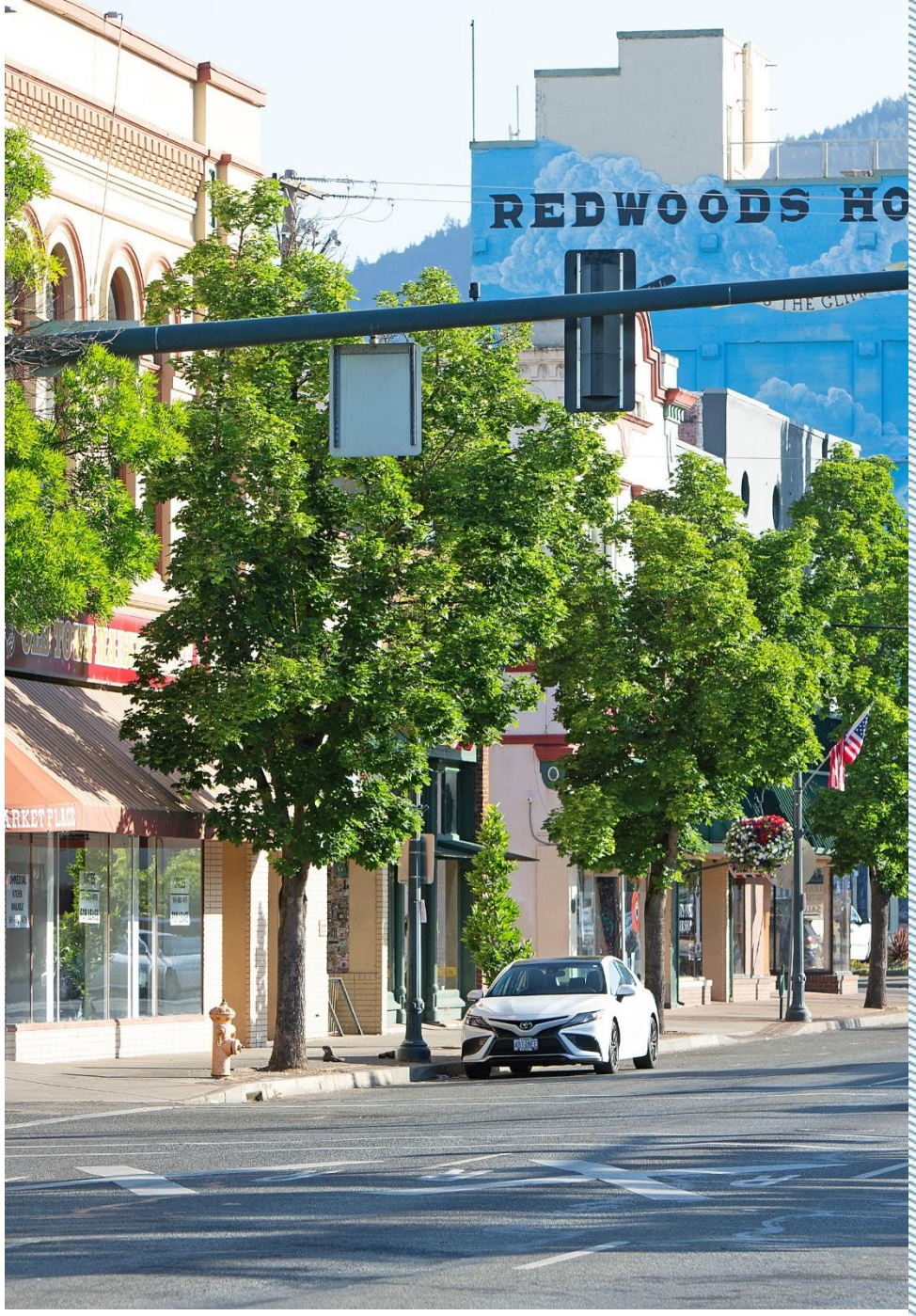
Current Funding Authorization

HB 3141 (2021)

- State law
- Authorizes OPUC to require 2 electric utilities to collect customer funds – and direct the funds to a nongovernmental entity – for investment in
  - *Renewable energy and distribution system-connected technologies*
  - *Cost-effective electric energy efficiency*

OPUC agreements with 3 natural gas utilities

- Regulatory authority
- As result of settlement agreements in past OPUC proceedings with each gas utility for investment in
  - *Cost-effective natural gas energy efficiency*



Highlights of HB 3141 Requirements

Energy Efficiency

- Fluctuating funding as % of bills
  - Based on energy efficiency resource
  - Funding negotiated annually with each utility as part of budget process
- No sunset year
- Invest in cost-effective energy efficiency
  - Regulatory authority of OPUC continues to allow non cost-effective efficiency under certain circumstances
- Sites consuming 1 aMW+ may “self direct”

Renewable Energy

- Set funding as % of bills (0.51%)
  - 25% to benefit low and moderate income
- 2036 sunset
- Invest in renewables and distribution-system connected technologies
- Fund above-market costs for projects; low and moderate income projects don’t need above-market costs
- Sites consuming 1 aMW+ may “self direct”

Both columns must include investments that benefit environmental justice communities

Total Organizational Funding Sources

- 2025 budgeted annual revenue of **$343.5 million**
- Funded primarily by utility customers through utility bills—blocks 1 and 2, which account for **98% of revenue**

1 Energy efficiency	• Cost-effective electric and natural gas savings
2 Renewable energy	• Above-market costs of renewables; grid-connected technologies (e.g., battery storage)
3 Grants and contracts	• Complementary funding that supports our core work

Customer Funding as Percent of Bills

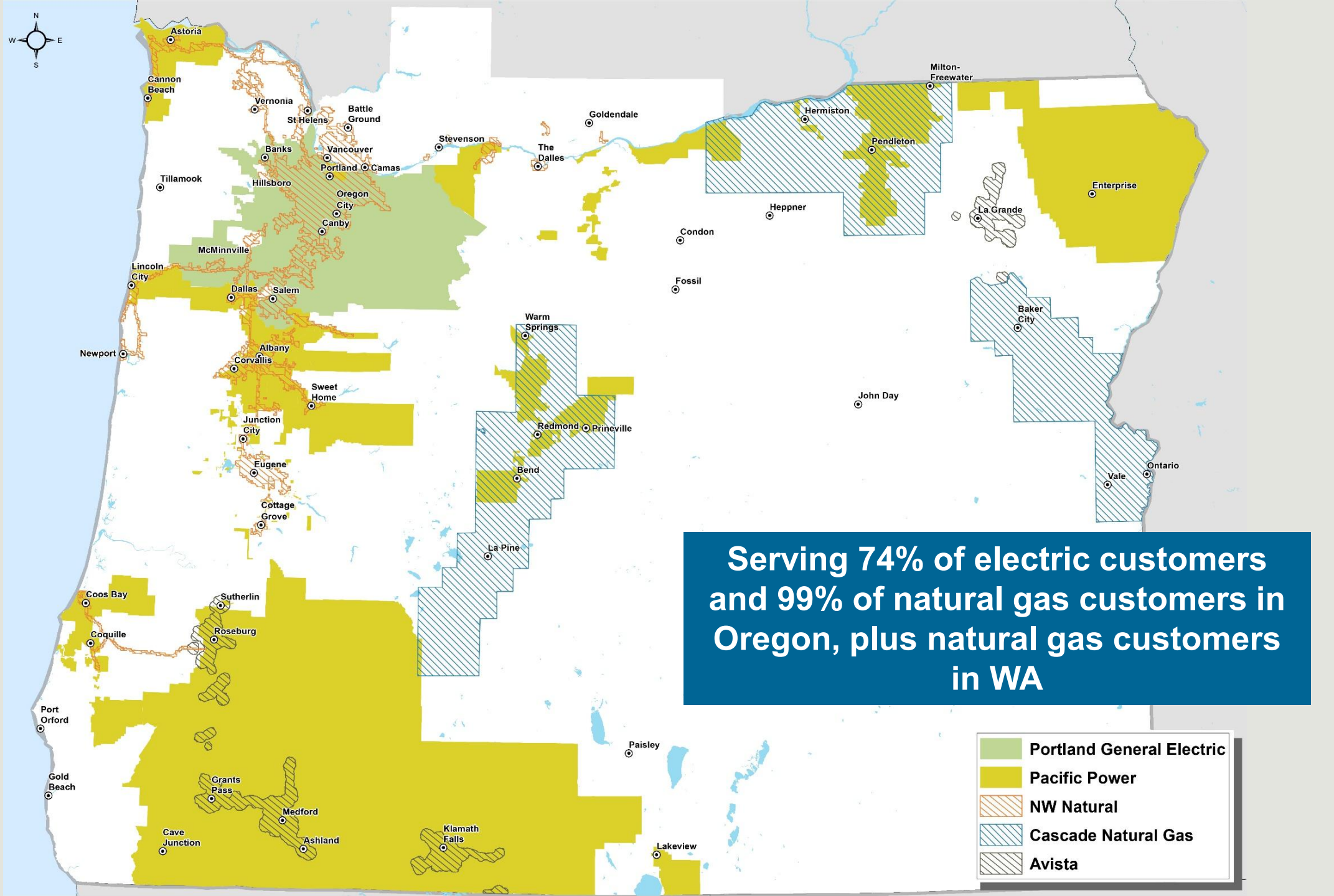
2025 Estimated Utility Energy Efficiency Rate Information (as of 12/2024)

	PGE	Pacific Power	NW Natural (OR)	Cascade Natural Gas	Avista
Utility bill charge for 2025	3.6%*	5.3%*	2.8%	5.1%	5.7%

Exact % fluctuates per planning period based on resource potential

*Values shown are from 2024. PGE and Pacific Power 2025 rate cases, and therefore estimated 2025 retail revenues, are pending. All figures and dates are estimates and subject to final filings by each utility and OPUC action; actual rates may vary.

Programs for all customers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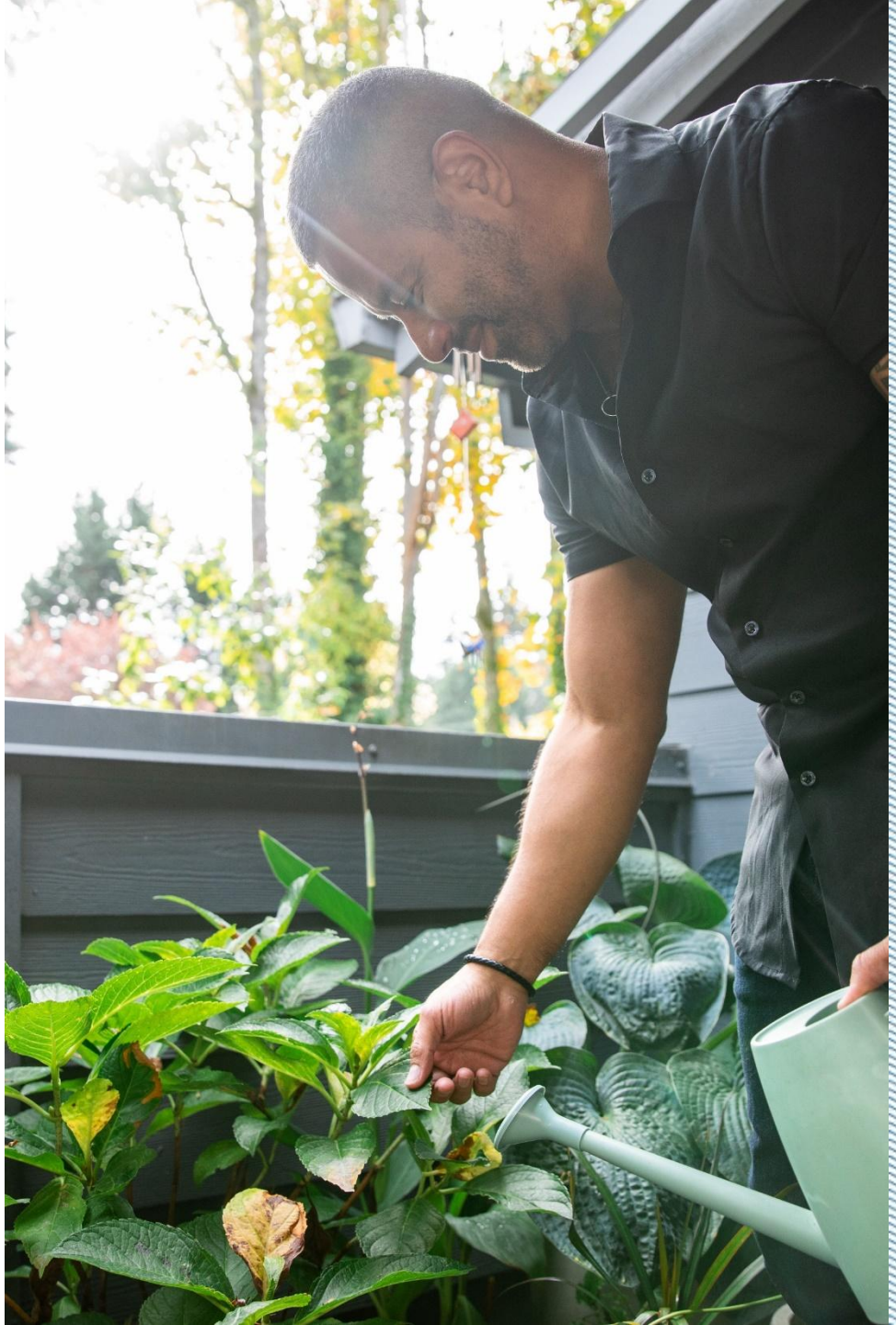
Cannon Beach
Vernonia
St Helens
Battle Ground
Vancouver
Portland
Camas
Banks
Tillamook
Hillsboro
Oregon City
Canby
McMinnville
Lincoln City
Dallas
Salem
Newport
Albany
Corvallis
Sweet Home
Junction City
Eugene
Cottage Grove
Coos Bay
Coquille
Sutherlin
Roseburg
Port Orford
Gold Beach
Grants Pass
Medford
Ashland
Cave Junction
Klamath Falls
Lakeview
Paisley
La Pine
Warm Springs
Redmond
Prineville
Bend
Stevenson
Goldendale
The Dalles
Fossil
Condon
Heppner
Hermiston
Pendleton
Milton-Freewater
Enterprise
La Grande
Baker City
John Day
Ontario
Vale
Serving 74% of electric customers and 99% of natural gas customers in Oregon, plus natural gas customers in WA
Portland General Electric
Pacific Power
NW Natural
Cascade Natural Gas
Avista

Program Design

Energy Savings + Other Outcomes

Services and Offers

- Expert guidance
- Information and education
  - No- and low-cost strategies and DIY content
  - Technical trainings
  - Guidance for communities on energy planning
  - Information for policymakers and implementers
- Cash incentives for:
  - Operations and maintenance improvements
  - Energy-efficient equipment, building upgrades
  - Renewable energy systems, grid-connected technologies
  - Feasibility studies
  - High-performance new construction
- Market transformation



Trade Ally Network

- Trade ally contractors and other allied professionals are our on-the-ground network that connects customers to incentives and services
- 1,900 local contractors currently enrolled in our network plus 145 allied retailers and other businesses
- Find a Contractor tool helps customers connect with trusted businesses to complete energy upgrades and access incentives

Oversight, Accountability and Transparency

Oregon Public Utility Commission (OPUC)

- Agreement to Direct Funding to Nongovernmental Entity
- Annual performance measures, including new equity metrics
- Reports to OPUC, legislature

Board of Directors

- Independent, volunteer, non-stakeholder
- Range of business and customer perspectives with statewide representation
- Public meetings
- 13 voting members, 15 total

How Efficiency And Renewables Fit Into Utility Resource Planning

Energy Efficiency as a Resource in Oregon

20-year Integrated Resource Plans (IRP)

IRP estimates energy needs, available resources and activities to secure resources

Must prioritize energy efficiency as the least-cost, least-risk resource

Resource Assessment: Forecasting Cost-effective Energy Efficiency

Resource Assessment Model Inputs:

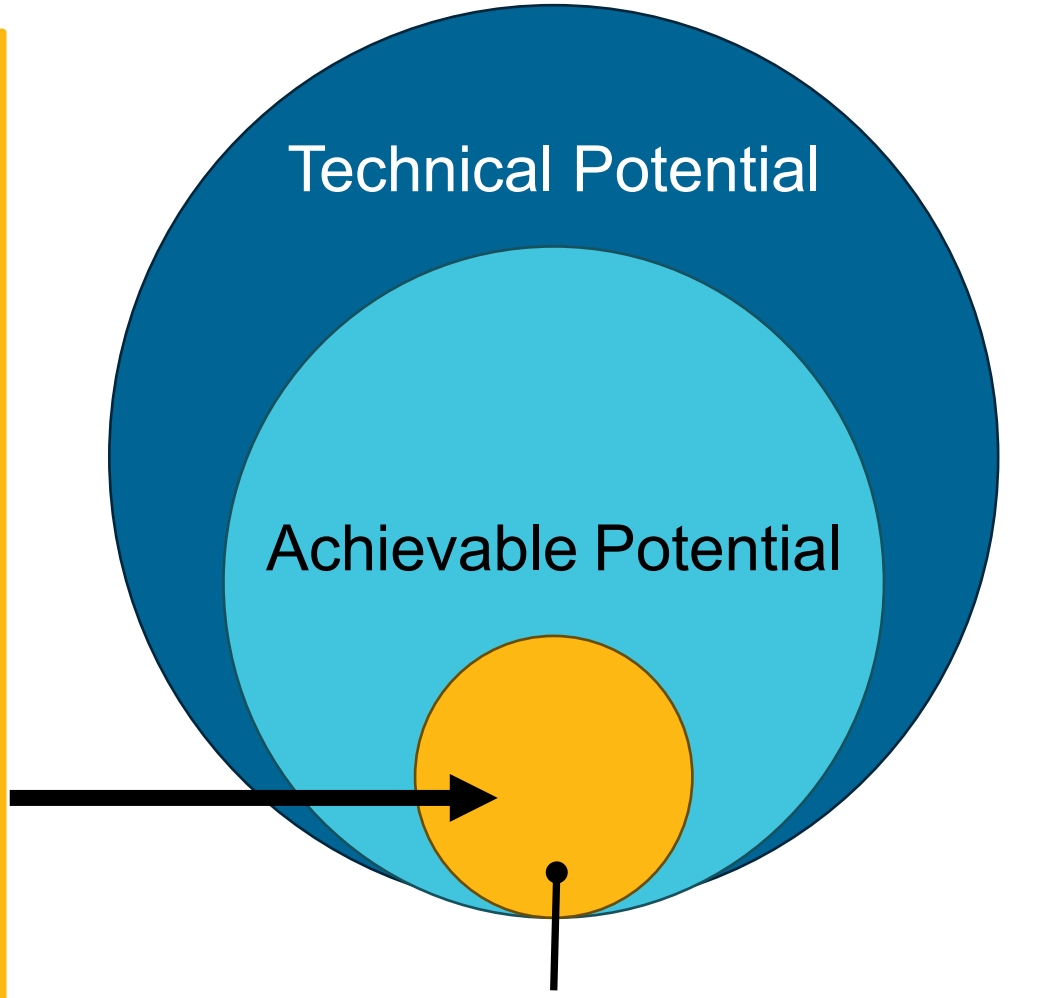
+ Measure-Level Inputs

- Baseline vs. efficient equipment, customer segments, install type (retrofit vs. other)
- Energy savings, measure life, incremental cost
- Market Data: Units per site, saturation, suitability

+ Utility-Level Inputs

- Customer and Load Forecasts
  - Residential: # of homes
  - Commercial: 1000s of sq. ft.
  - Industrial: Customer load
- Heating and water heating fuel types

+ Avoided Costs: Used to assess cost-effectiveness



The Big Picture of Cost-effectiveness for Energy Efficiency

Cost effectiveness is central to how we plan and deliver energy efficiency programs

Efficiency is a *resource* used to meet demand on par with supply resources

Aligns with utility integrated resource planning (IRP) and NW Power Act (1980 federal law)

Measure-level cost effectiveness is required in Oregon by UM-551

Portfolio level cost-effectiveness a new regulatory tool available as of 2026

Informs which measures Energy Trust offers and places an *upper bound on incentives*

In Oregon: Two Tests, Two Perspectives

Total Resource Cost Test (TRC):

- Main test, intended to reflect the perspective of participant and utility.
- Includes all benefits and all costs to utility system and to participants
- Program and administrative costs are not included for measure analysis

$$TRC = \frac{NPV\ ((Savings \times Avoided\ cost) + Non\text{-}energy\ benefits)}{NPV\ (Incremental\ Measure\ cost + Program\ cost)}$$

Utility Cost Test (UCT):

- Benefits to the utility system and costs to the program administrator
- Defines our maximum incentive, how much we could pay
- Program and administrative costs are not included for measure analysis

$$UCT = \frac{NPV\ (Savings \times Avoided\ cost)}{NPV\ (Incentive\ Paid + Program\ cost)}$$

Avoided Costs

- Assigns economic value to energy savings.
- Avoided cost inputs are received annually through OPUC processes
- Blended into electric and gas values
- Calculated using:
  - Measure Life
  - Discount rate
  - Load Shape (Savings Shape)

Non-energy benefits (NEBs)

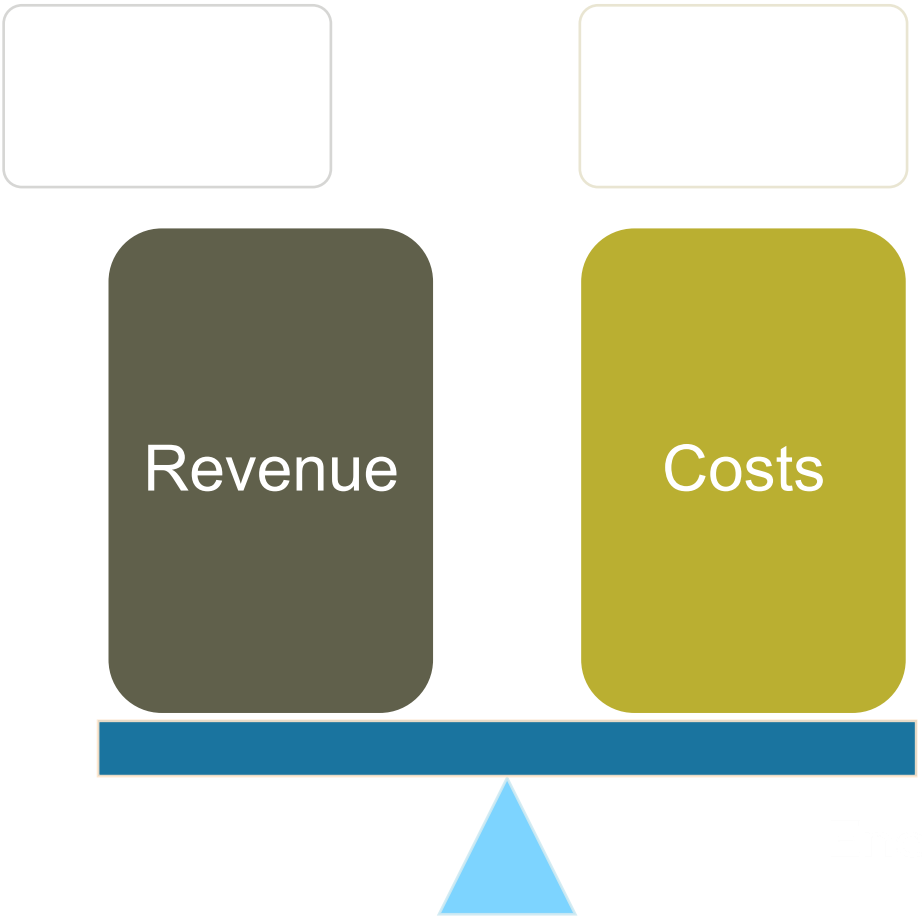
Only quantifiable non-energy benefits are included in cost effectiveness calculations and can impact the TRC

- NEBs must benefit the end user or building's owner or occupant
- NEBs are quantified into dollars per year

Quantifiable	Sometimes	Not Quantifiable
• Out of territory bill savings • Water & sewer • Other avoided fuel costs (wood, propane) • Fire prevention	• Productivity • O&M • Avoided fees • Comfort	• Space savings • Pollution • Customer interest

Above-market Costs for Renewables

- Comparison of costs to revenues over a specified term (typically 20 years)



Above-market Costs for Renewables

Above-market cost

Revenues

- Tax benefits
- Grants
- Power sales/savings

Costs

- **Return on equity - based assigned rate of return**
- Other yearly expenses
- Interest on debt
- O & M
- Capital costs

Note: All revenues and expenses that occur over time are put into the AMC calculation on NPV basis

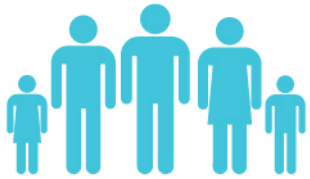
Benefits and Results


STOLEN FROM
SPOT TAVERN
RIDDLE, OR
Walk by
faith
ORGANIC

Centennial School District staff

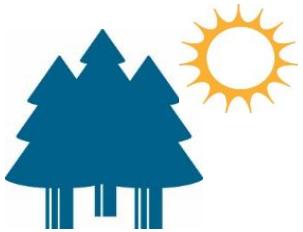
Clean and Affordable Energy Since 2002

From Energy Trust's investment of $3.1 billion in utility customer funds:



842,000 sites transformed into energy efficient, healthy, comfortable and productive homes and businesses

*Saving **1,024 average megawatts** and **108 million annual therms***



34,000 clean energy systems generating renewable power from the sun, wind, water, geothermal heat and biopower

*Generating **160 average megawatts***

$15.8 billion in savings over time on participant utility bills from their energy-efficiency and solar investments

46.1 million metric tons of carbon dioxide equivalent emissions kept out of our air, equal to removing 12.5 million cars from roads for a year

Carbon methodology resource

Utility Capacity Contributions from Energy Efficiencyin 2024

Utility	Summer MW	Winter MW	Total aMW Saved
PGE	48.56	53.59	37.80
Pacific Power	40.56	38.55	21.83
Total	89.12	92.13	59.63

Utility	Peak-day therms	Peak-hour therms	Total therms Saved
NW Natural	83,893	6,260	5,895,256
Cascade Natural Gas	10,859	826	655,325
Avista	10,190	747	746,654
Total	104,942	7,833	7,297,235

Utility Capacity Contributions from Solar in 2024

Utility	System Count	Summer MW	Winter MW	Total aMW	Total nameplate MWdc
PGE	1,895	6.24	0.00	6.24	26.30
Pacific Power	1,098	5.80	1.18	6.98	14.99
Total	2,993	12.04	1.18	13.22	41.29

Evolving to Meet Customer Needs

Energy Trust Role

MAXIMIZING CLEAN, AFFORDABLE ENERGY ACQUISITION

Supporting customers and communities to reduce energy costs and realize additional benefits

2025-2030 Areas of Focus

- Reducing the cost of decarbonization
- Creating greater impact for priority customers
- Motivating the next level of customer participation
- Supporting community resilience
- Empowering customers to navigate more choices

Looking Forward: 2026-2030 Multiyear Plan

Investing $2.55 billion (including 56% for customer incentives) to achieve:

2026-2030 Plan Projections	Previous 5 years
285.5 aMW of electricity saved	247.5 aMW
45.7 MMTh of gas saved	32.9 MMTh
30.1 aMW electricity generated	29.2 aMW
146,000 homes served	145,000 homes
$6.6 billion saved on customer utility bills	$5.0 billion
$2.0 billion in net benefits to the utility system	$1.4 billion
11.4 million metric tons of CO2e avoided	12.0 million metric tons

Evolving our work to meet customer, utility needs

- **Reaching more** families and businesses in rural communities, those with lower incomes, communities of color and Tribal communities
- **Growing and simplifying our incentives** by offering larger incentives to help lower the cost of energy upgrades, and provide incentives that are easier to take advantage of – like instant, point of sale options
- **Helping grow the energy workforce** of contractors and community-based delivery partners
- **Working with utilities to manage capacity constraints** through coordinated energy efficiency and demand response programs (e.g. “Targeted Load Management)
- **Working with communities on resiliency approaches** to support during extreme weather events like wildfire, heat, cold, ice, etc.

Thank you! Time for Q&A

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