

MEMO

Date: December 8, 2023
To: Board of Directors
From: Michael Colgrove, Executive Director
Subject: Final Proposed 2024 Budget and 2024-2025 Action Plan

I am pleased to present to you Energy Trust of Oregon's Final Proposed 2024 Budget, 2024 Annual Goals and 2024-2025 Action Plan, which will be the focus of our December 15 board meeting.

This budget represents near-term investments to achieve longer-term targets of expanding and accelerating energy savings by 2030 and serving customers with high energy burden that we have historically underserved. Additional cost-effective energy efficiency will help utilities meet their decarbonization goals at a lower cost than alternative investments while providing equitable benefits to customers and communities.

This budget invests in the capabilities, staffing and market support needed to deliver more savings in future years and will also maximize the impact of new complementary funding expected to enter the market in 2025 (e.g. Inflation Reduction Act, Portland Clean Energy Community Benefits Fund), ensuring that those funding sources result in measurable value to our utility systems as soon as possible.

In the materials that follow, action plans are provided for general management, including diversity, equity and inclusion; energy efficiency and renewable energy programs; program support groups; and contract and grant-funded initiatives. The materials also include utility-specific action plans developed in collaboration with each of our five utility partners.

Supporting memos provide additional details on the assumptions that shaped action plans and budgets across the organization as well as budget components such as staffing, administrative costs, levelized costs, market intelligence, incentive increases, and new investments and delivery approaches to accelerate energy savings.

Unless otherwise noted, the budget reflects all revenues and expenditures for Oregon core efficiency and renewable energy funds, NW Natural Washington customers, NW Natural and Avista transport customers, Oregon Community Solar Program, Oregon Landlord-provided Cooling Spaces Initiative, Portland General Electric Smart Battery Pilot, and other contracted and grant-funded activities. Some materials, such as calculations of Oregon Public Utility Commission performance measures, reference a subset of the budget and are clearly marked.

After board consideration on December 15, the budget and action plan will be submitted to the Oregon Public Utility Commission by year-end and posted online at www.energytrust.org/budget.

I look forward to our discussion next week and welcome your comments and questions.

Thank you,



Michael T. Colgrove, Executive Director

2024 Organizational Goals



Customers will save and generate energy and reduce costs in 2024 and beyond as a result of investments in clean energy programs, including those designed to meet the needs of customers the organization has historically underserved.



Customers will gain access to a broader and more diverse network of qualified contractors who can install clean energy upgrades in their communities, and potential trades people will gain skills and opportunities in the energy efficiency and solar industries.



Community-based organizations will have opportunities to bring clean energy benefits to their communities by partnering with Energy Trust to deliver programs and accessing funding, training, mentorship and connections.



Customers, partners and stakeholders will benefit from Energy Trust's ability to achieve long-term goals by shifting to a multiyear budgeting and planning process for future years.



Final Proposed 2024 Budget Summary

- **Investing \$305.6 million**
- **Saving 48.0 aMW and 6.9 MMTh**
 - 66.8 MW of reduced demand during summer peak and 79.8 MW during winter peak
 - Includes 0.2 MMth gas transport and 0.2 MMth NW Natural WA
- **Delivering highly cost-effective energy**
 - 5.2 cents/kWh levelized
 - 64.6 cents/therm levelized (OR), 108.0 cents/therm levelized (WA)
- **Generating 4.6 aMW**
- **Distributing \$161.4 million in incentives; 53% of total expenditures**
- **Administrative costs at 5.6% of expenditures**

Photo: Hernandez Family, Woodburn, OR

Customer Benefits from 2024 Investments

- **Lower energy bills and energy burden**—\$770 million in future bill savings for participants
- **Opportunities for 1,600+ local businesses, greater support for community-based organizations** and investments in workforce development
- Local investments that **keep dollars in our communities**
- **Cleaner air** by avoiding 2.3 million metric tons of carbon dioxide over time
- Support for **community-led clean energy efforts**, such as resilience
- Access to **direct benefits for customers experiencing low incomes**, including those in rural areas and those of color

Photo: Jacobs Heating & Air Conditioning, Portland, OR



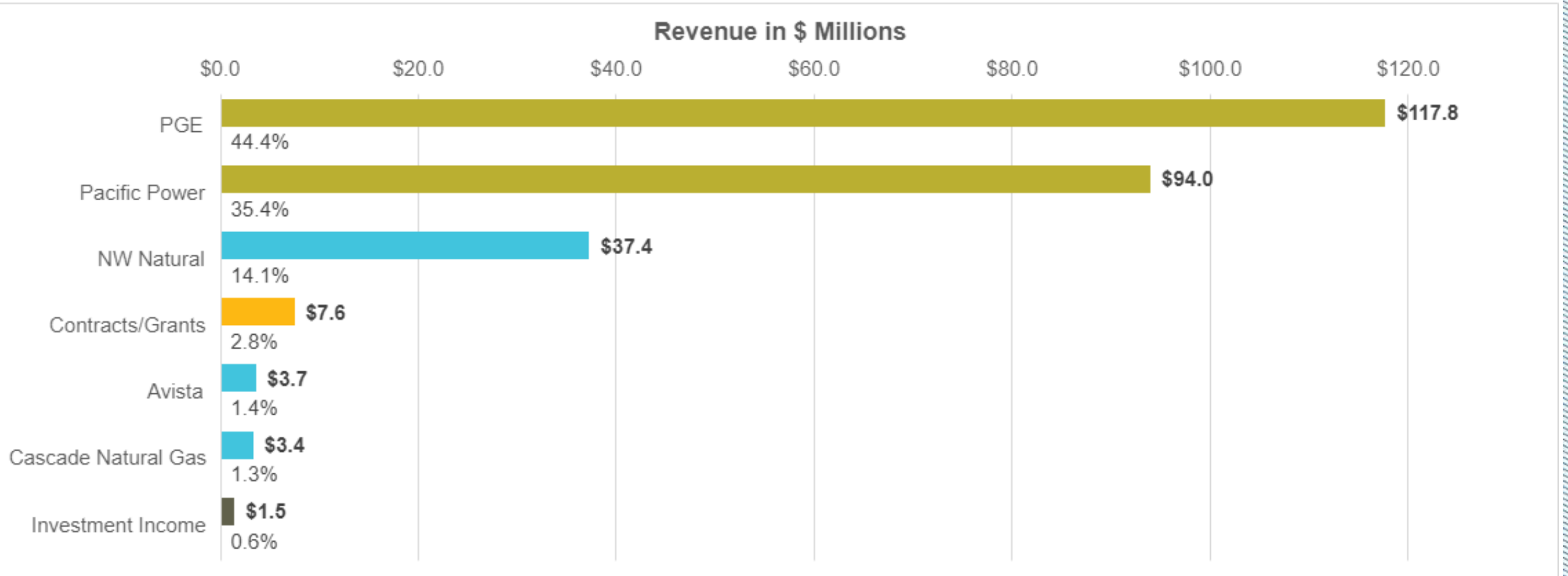
Summary of Changes to Final Proposed Budget

	Draft Budget	Final Proposed Budget	Change	% Change
Revenue (\$ Million)	\$277.0	\$265.3	-\$11.7	-4.2%
Expenditures (\$ Million)	\$304.8	\$305.6	\$0.9	0.3%
Incentives (\$ Million)	\$159.2	\$161.4	\$2.2	1.4%
Staffing Costs (\$ Million)	\$27.3	\$26.9	-\$0.4	-1.5%
Administrative Costs (\$ Million)	\$17.2	\$17.2	\$0.0	0.0%
Electric Savings (aMW)	48.7	48.0	-0.8	-1.6%
Gas Savings (MMTh)	7.2	6.9	-0.2	-3.3%
Electric Levelized Costs (¢/kWh)	5.1	5.2	0.1	2.1%
Gas Levelized Costs (OR) (¢/therm)	61.2	64.6	3.4	5.6%
Gas Levelized Costs (WA) (¢/therm)	111.5	108.0	-3.5	-3.2%
Generation (aMW)	4.2	4.6	0.4	10.7%

Notes: aMW: average megawatts of electricity; MMTh: million annual therms of natural gas; administrative costs are for management and general, communications and outreach

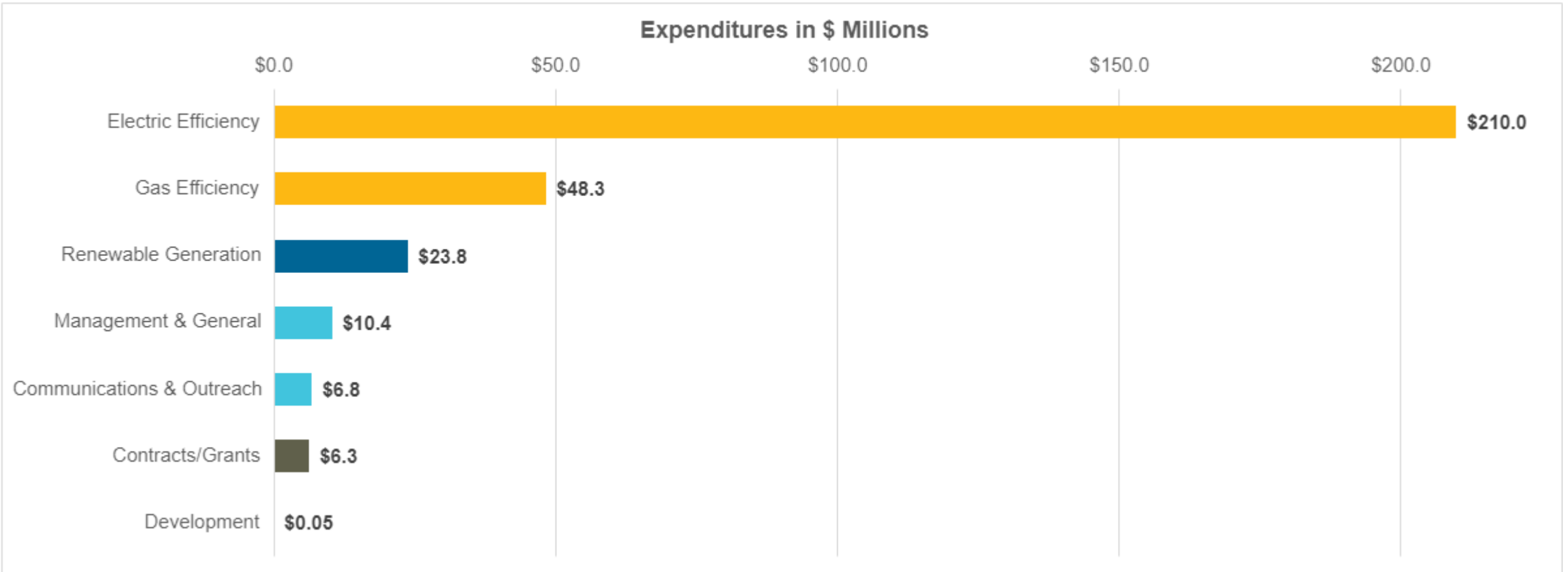
2024 Final Proposed Budget Revenues

\$265.3 million, up 28% from 2023 budget



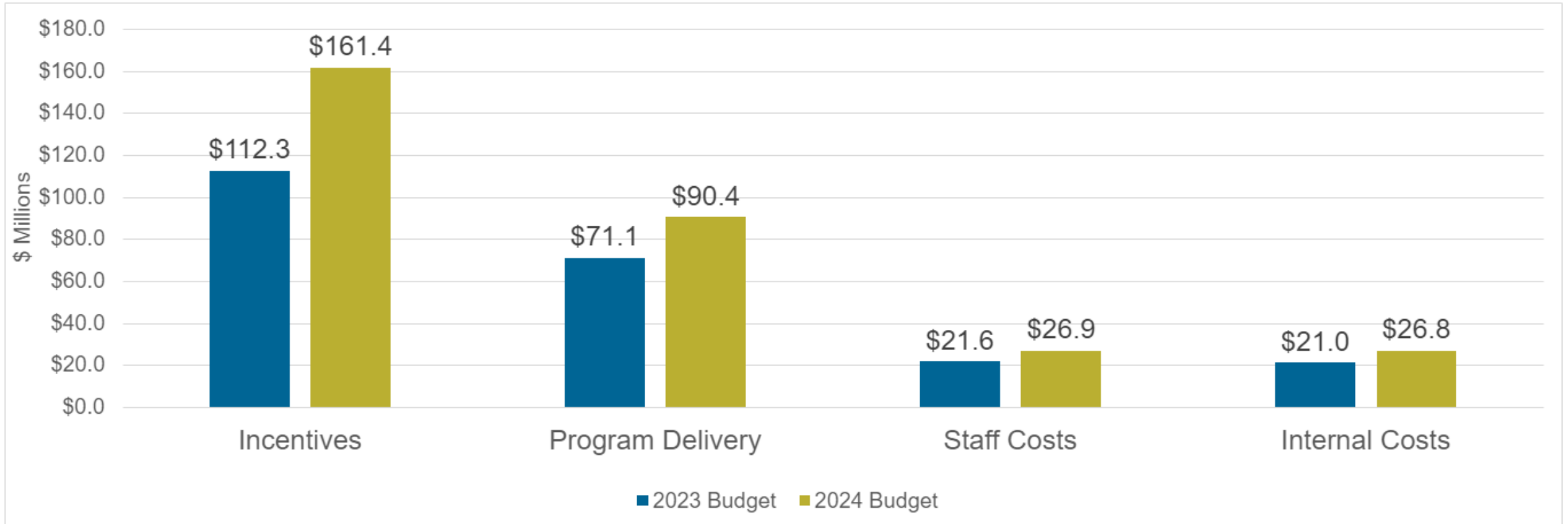
2024 Final Proposed Budget Expenditures

\$305.6 million, up 35% from 2023 budget



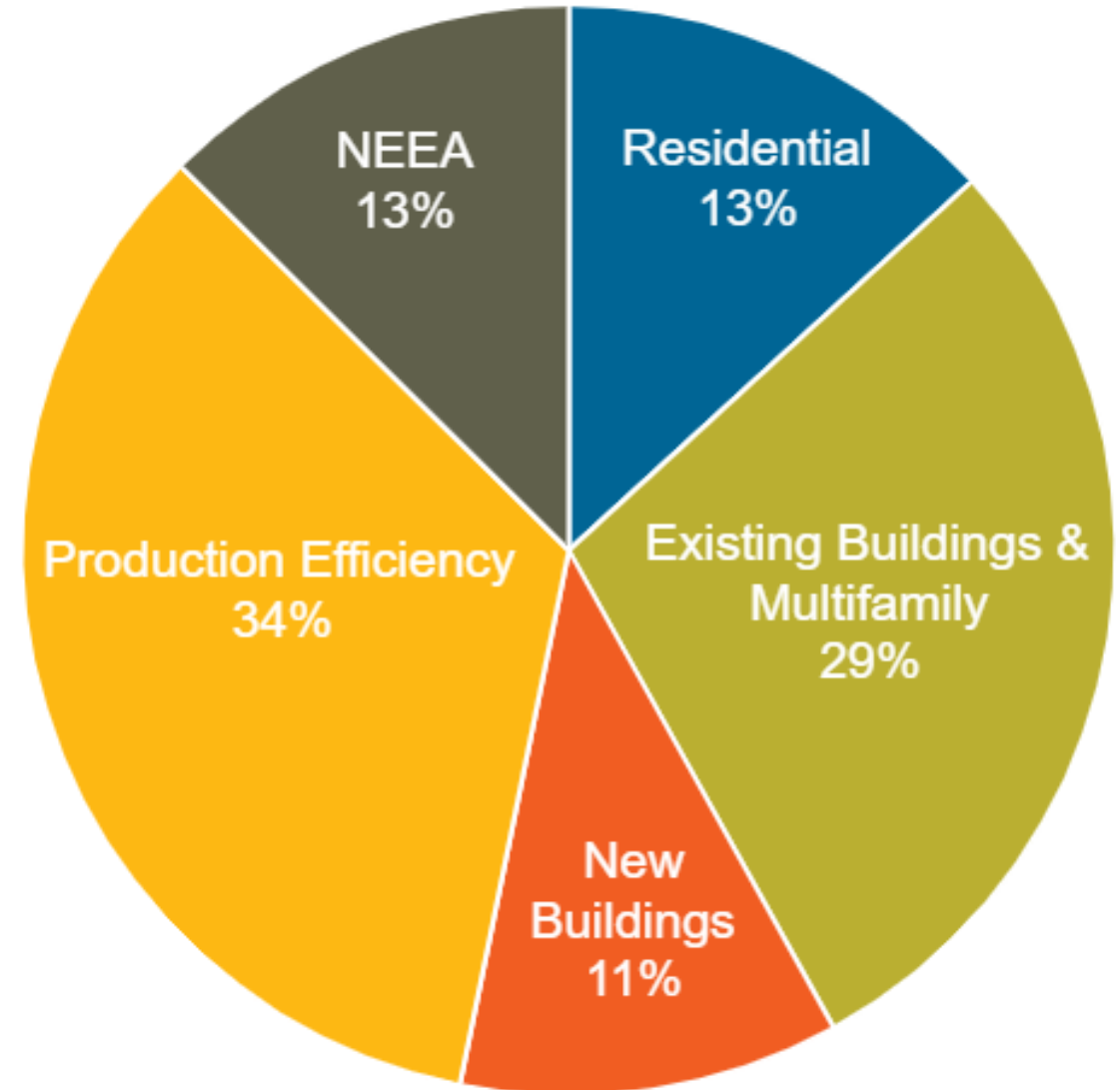
The budget uses net assets/reserves to cover planned expenses in excess of anticipated revenue

2024 Final Proposed Expenses Compared to 2023 Budget



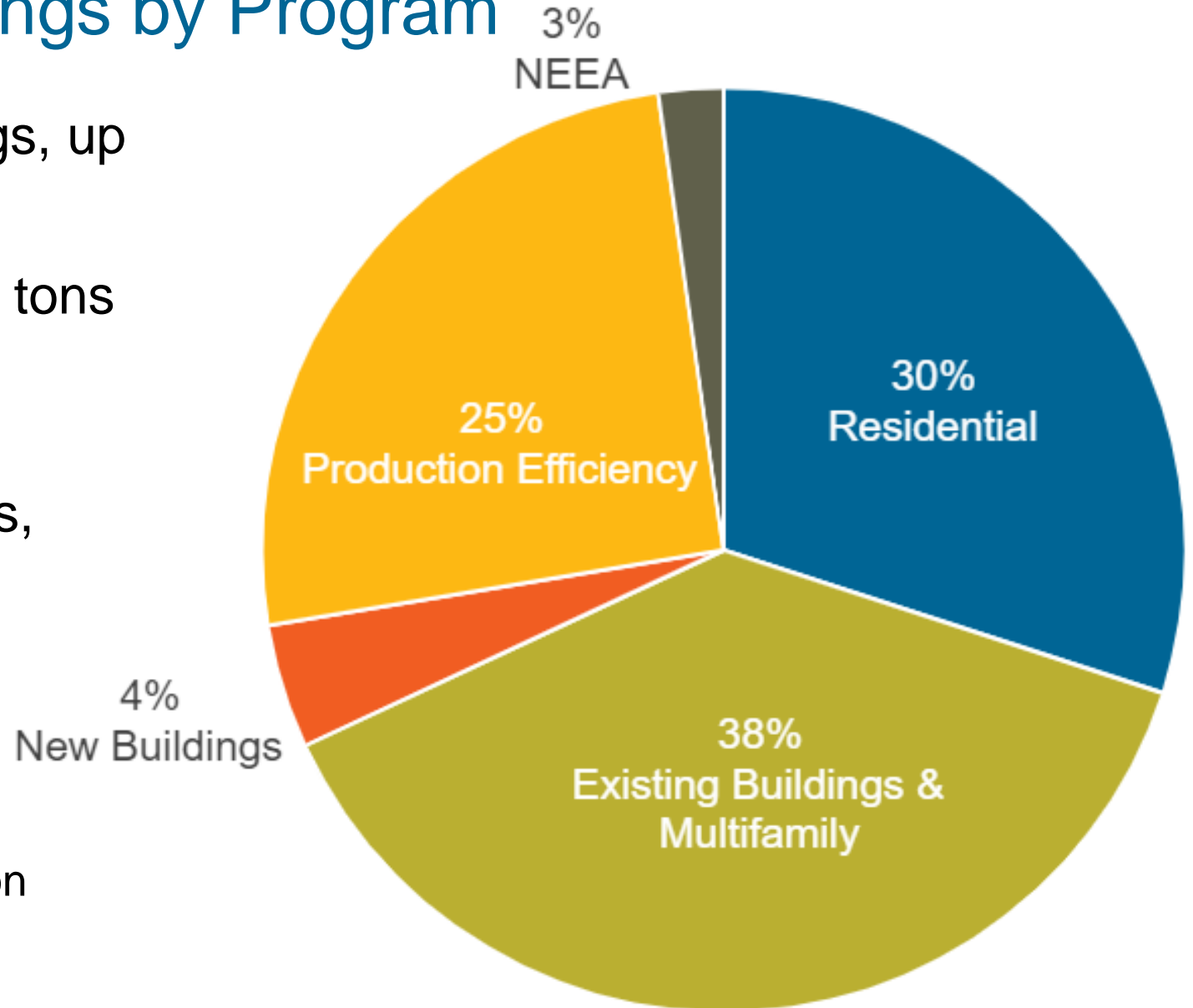
2024 Electric Savings by Program

- **48.0** aMW of electric savings, up **6.2%** from 2023 budget
- Equivalent to **1.4 million** metric tons of carbon avoided over time
- **\$223.1** million in total costs, including customer incentives, services and delivery
- Savings driven by:
 - Industrial and commercial custom and SEM projects
 - Lighting upgrades for businesses
 - Residential home retrofits



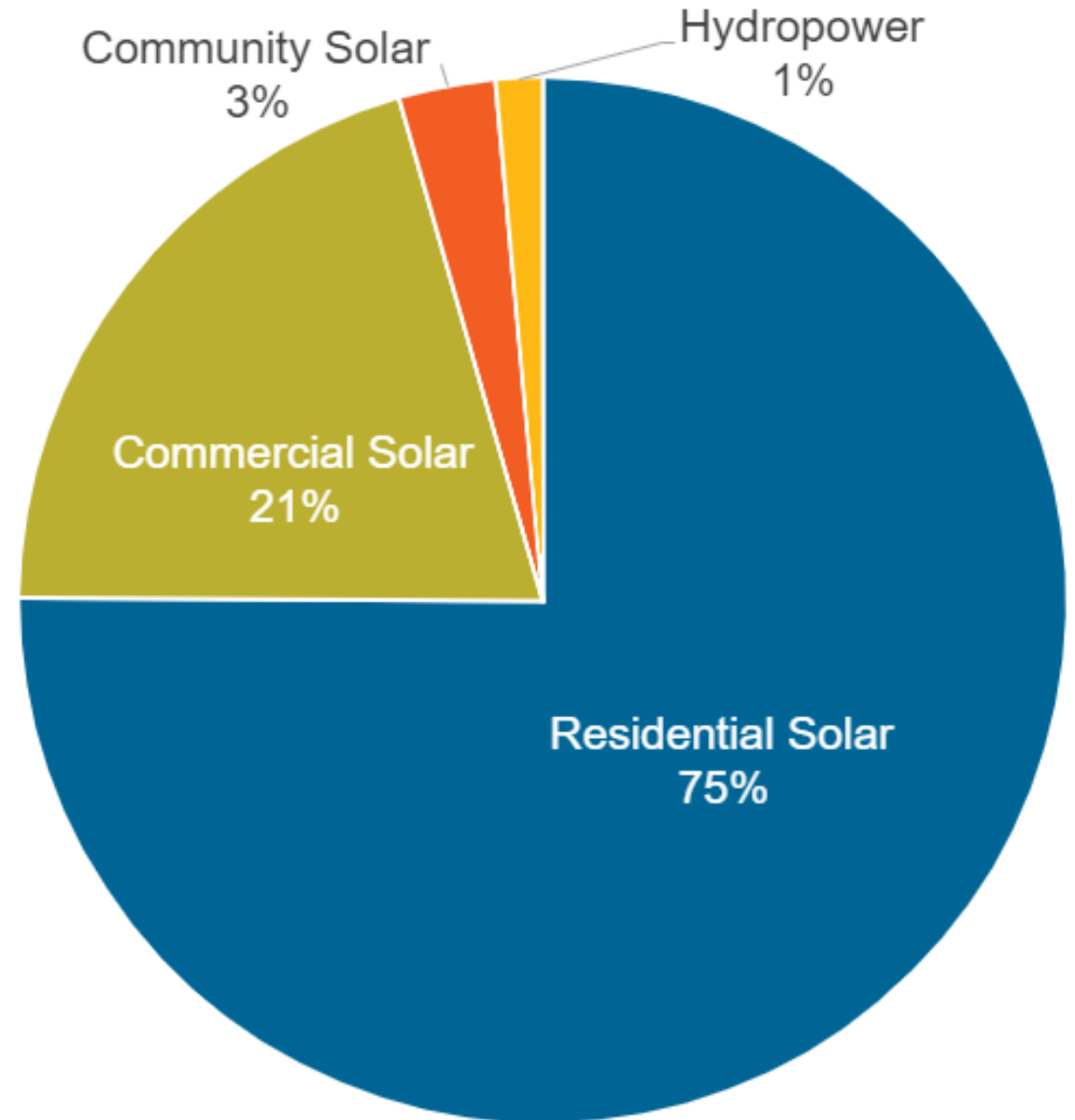
2024 Natural Gas Savings by Program

- **6.9** MMTh natural gas savings, up **9%** from 2023 budget
- Equivalent to **672,000** metric tons of carbon avoided over time
- **\$55.5** million in total costs, including customer incentives, services and delivery
- Savings driven by:
 - Custom industrial projects
 - Commercial custom and SEM
 - Residential market transformation



2024 Renewable Generation

- **4.6** aMW generation
- Equivalent to **194,000** metric tons of carbon avoided over time
- **\$25.3** million in total costs, including incentives, services and delivery
- Focus on customers with low and moderate incomes and distribution system-connected technologies
- Maintain and expand support for solar market while transitioning away from standard solar incentives





Draft 2025 Budget Summary

- **Investing \$329.5 million**
- **Saving 51.5 aMW and 7.8 MMTh**
 - **71.9 MW** of reduced demand during summer peak and **86.3 MW** during winter peak
 - Includes 0.9 MMth gas transport and 0.3 MMth NW Natural WA
- **Delivering highly cost-effective energy**
 - 4.9 cents/kWh levelized
 - 65.8 cents/therm levelized (OR), 105.7 cents/therm levelized (WA)
- **Generating 3.6 aMW**
- **Distributing \$170.5 million in incentives; 52% of total expenditures**
- **Administrative costs at 5.9% of expenditures**