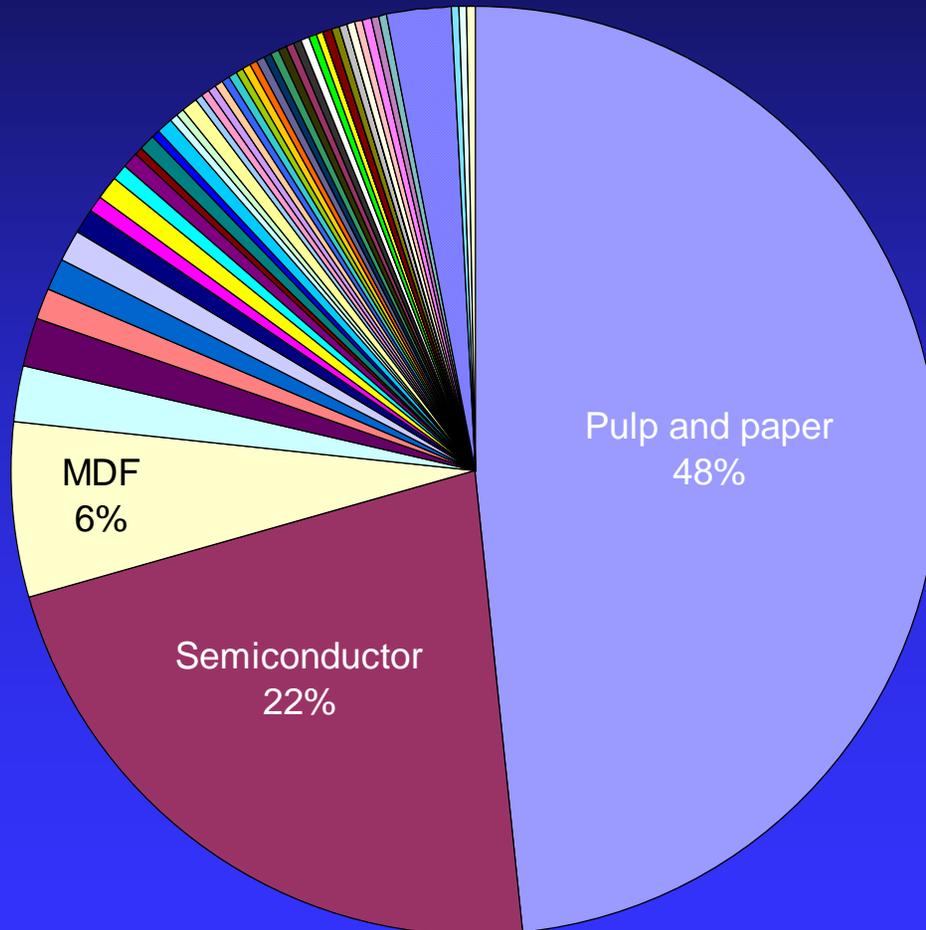


EWEB Conservation Rate Credit Program

Bill Welch

Eugene Water & Electric Board

EWEB's industrial customer base-- approximately 200 customers



Four largest customers have individually negotiated contracts

- Pulp and paper mill
- Semiconductor facility
- University of Oregon
- Medium density fiberboard (MDF) plant

Primary concerns of contract customers

- Rates and reliability
- Reducing non-power costs—including public purpose charges (PPCs) for conservation
- Parity between contributions to PPC and benefits received

EWEB conservation funding

- Bonneville regional funding—early years
- Self funding using public purpose charge—
1997 to present

EWEB public purpose charge = 5%

What does a five percent contribution look like to the two largest customers?

■ Pulp and paper mill

- ◆ Annually—\$800,000 +
- ◆ 1997 to 2005—\$7.3 million

■ Semiconductor facility

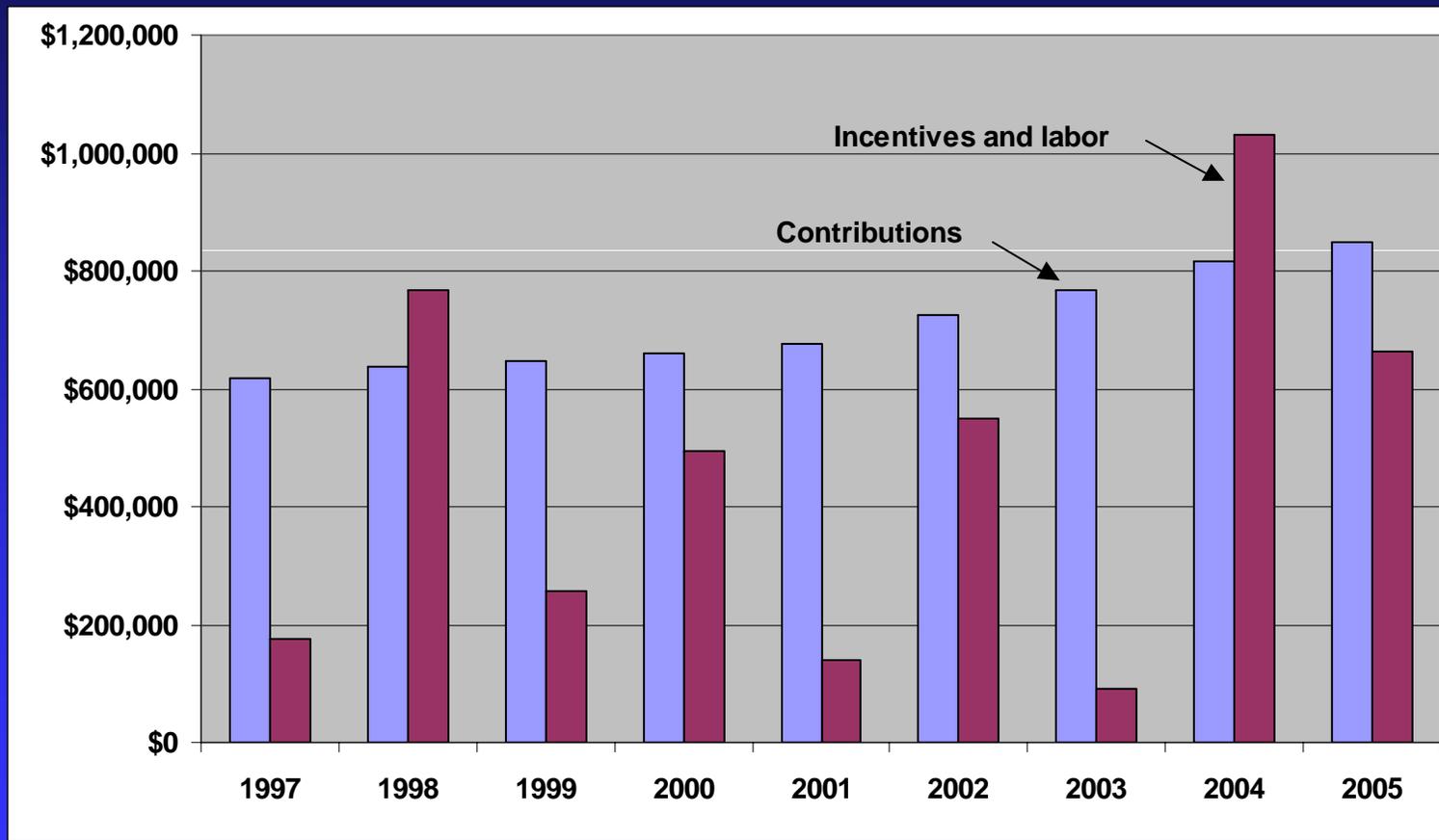
- ◆ Annually—\$400,000 +
- ◆ 1997 to 2006—\$3.4 million



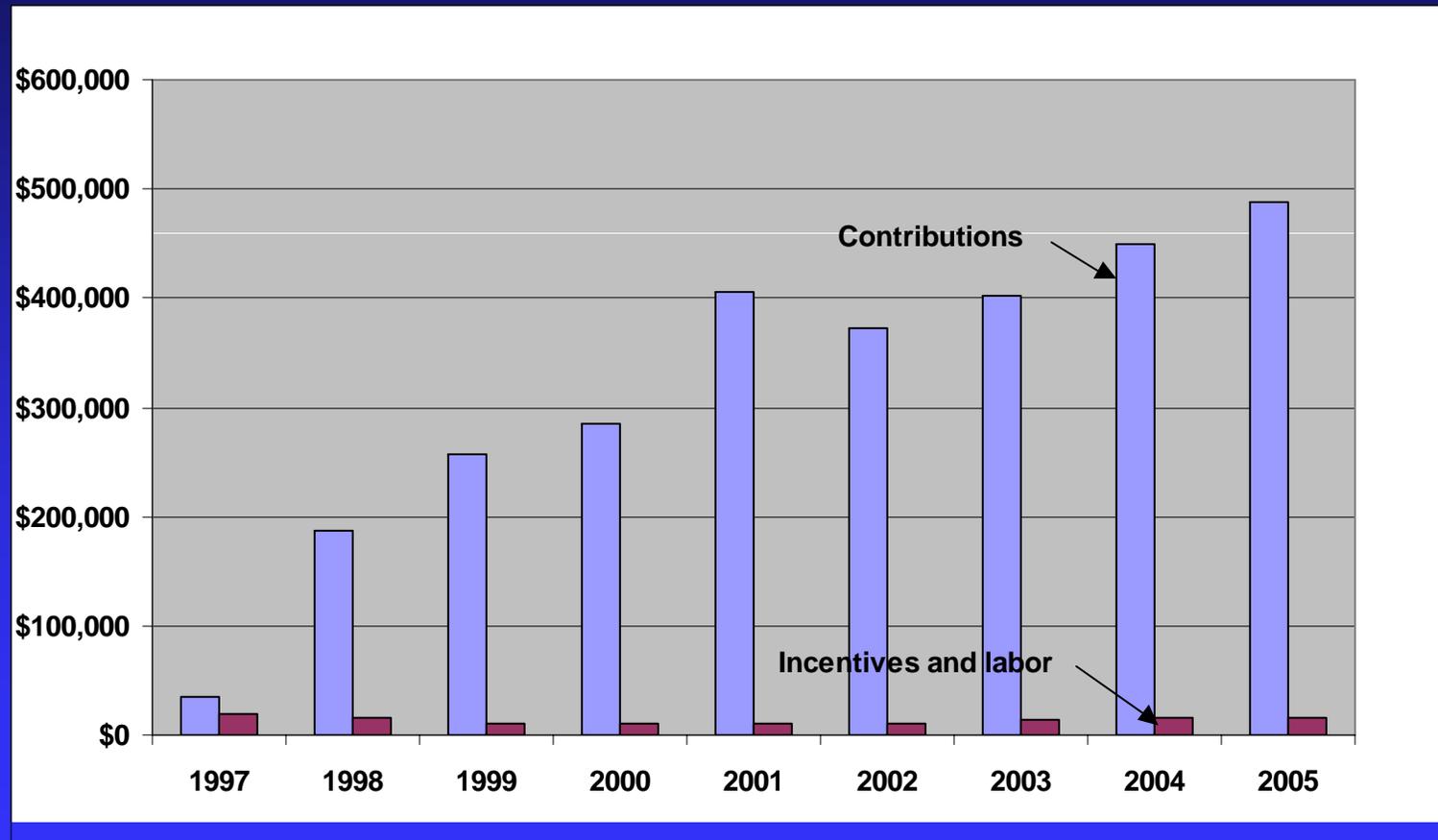
Were the two customers getting what they paid for?



Pulp and paper mill



Semiconductor facility



Large customer conservation acquisition models

- Incentives
 - ◆ From a pool of conservation money
 - ◆ From a dedicated escrow-like account
- Self direction of conservation funding
- Competitive bidding
- **Rate credit**

The rate credit concept

The offer

Customer receives a rate credit to offset the five percent allocation for conservation



EWEB continues to collect for direct labor and administration

Customer installs conservation measures using their own money

Energy savings can be banked forward

The hook



Customer must deliver a contracted amount of verified conservation each year

Pulp and paper mill—
3.25 million kWh

Semiconductor
facility—1.75 million
kWh

The hammer



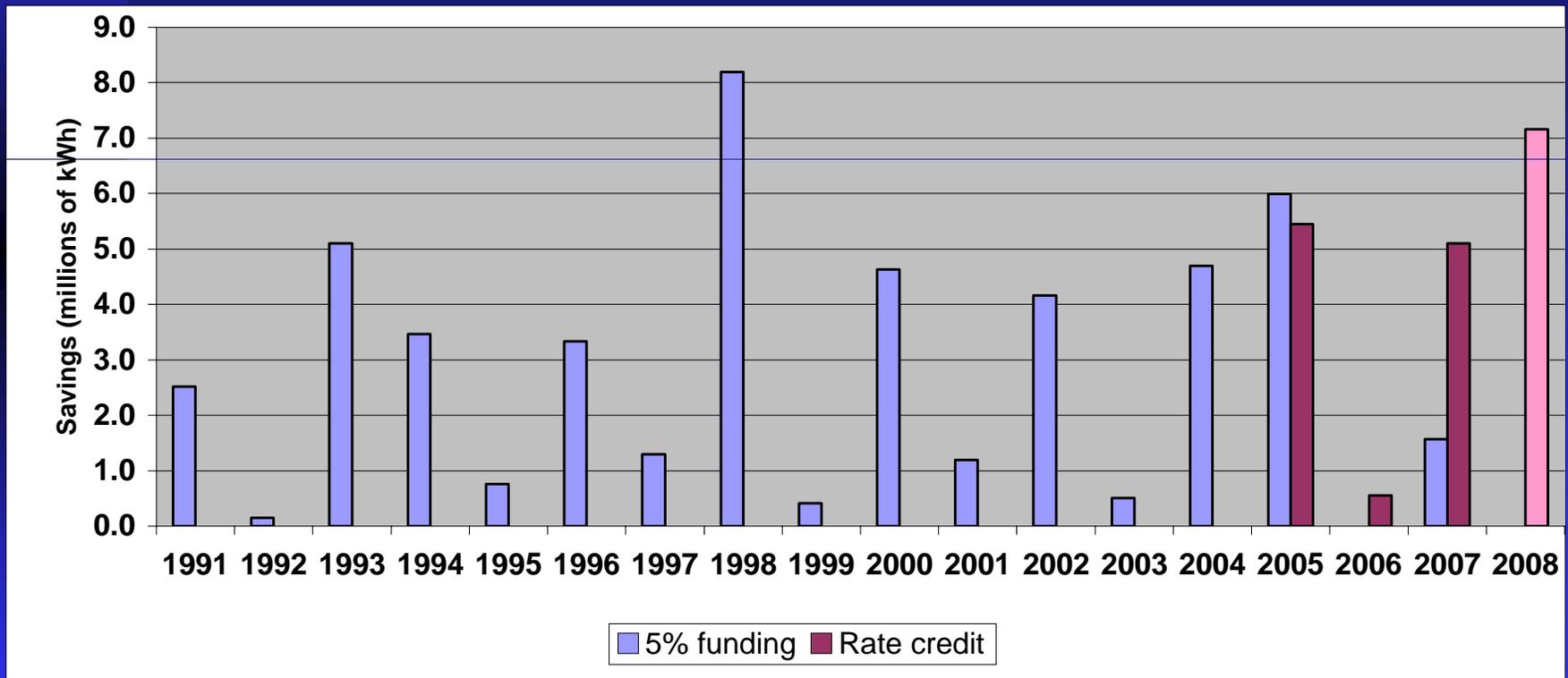
If customers don't meet the savings target—they have to pay back all or part of the credit

Savings targets are trued up at the end of each year

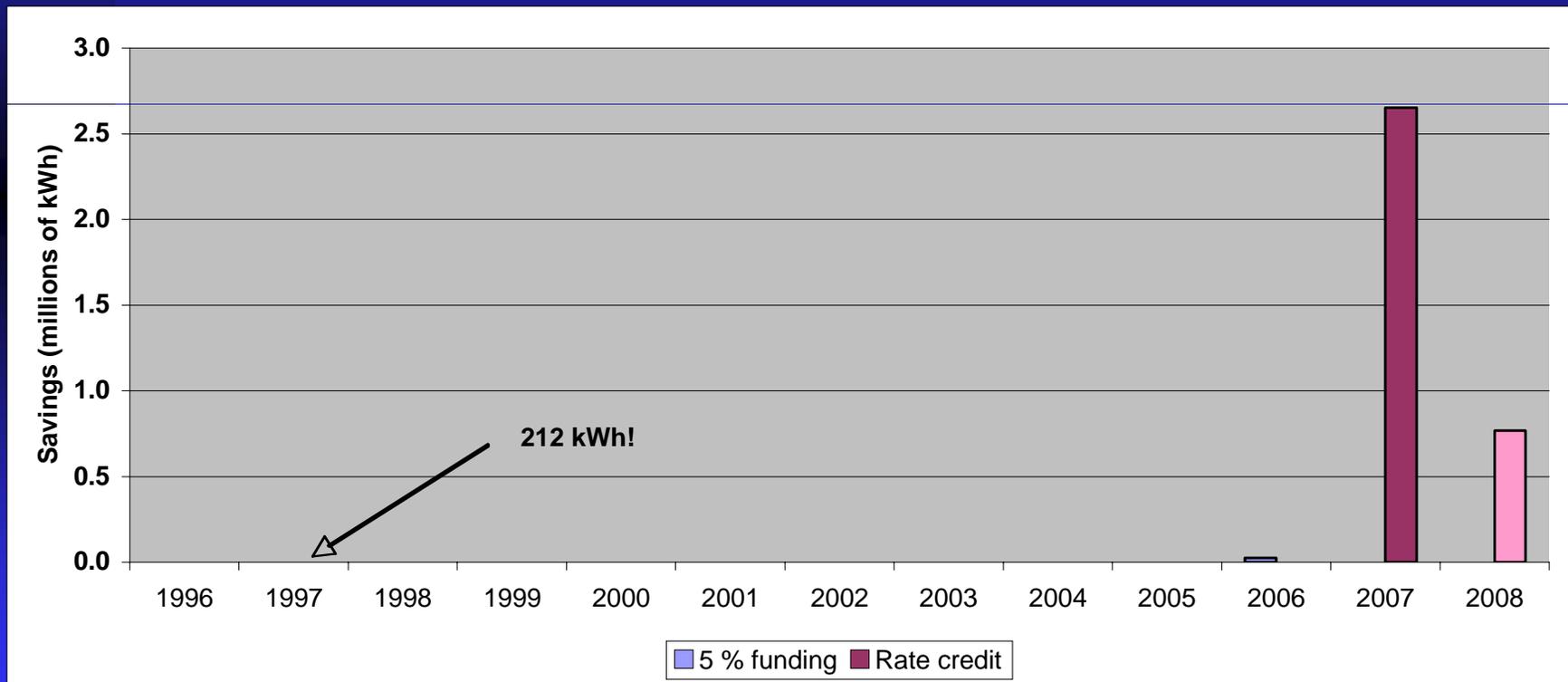
Unique features

- Savings can be banked forward
- O&M measures are allowed (with conditions)
- EWEB staff time is dedicated to customers
- Additional non-rate credit measures OK at EWEB's discretion

Pulp and paper mill savings results



Semiconductor facility savings results



Successes of the program

- Focuses attention on energy savings not financial parity
- Provides a hard target for non-performance
- Allows customers to install conservation measures at a reduced cost
- Results in internal funding pool for energy projects

Lessons we've learned

- Setting the savings target is critical
- Establishing an end game is important

