

RENEWABLE RESOURCE ADVISORY COUNCIL

Notes from meeting on February 19, 2003

Peter West convened the meeting at 9:30 a.m.

Attending from the Council:

Angus Duncan, BEF
Dave Boleyn, Cascade Solar Consulting
Dave McClain, RNP
Frank Vignola, U of Oregon
Jeff King, NPPC
Lisa Schwartz, OOE
Thor Hinkley, PGE

Attending from the Trust:

Char Rollier, Energy Trust
John Reynolds, U of Oregon & board
Lynn Kittilson, OPUC & board
Peter West, Energy Trust

Others Attending:

Alan Hichenbottom, Common Energy
Andrew Young, Zilkha
Bob Woods, City of Albany
Burr Boutwell, Bingham
Igor Tyukhov, U of Oregon
Joe Esmonde, IBEW #48
Joe Sacquitnee, North Coast Electric John
Vranizan, Carroll, Hatch & Associates
Jon Miller, OSEIA
Mike Larson, North Coast Electric
Scott Piscatello, RES North America
Scott Hazlett, citizen
Rob Bordner, EMI Inc.
Sam Sirkin, ECOs Consulting
Sidney Clouston, Clouston Energy Research

1. Introductions & agenda review.

Public comment was taken throughout the meeting.

2. Review of notes from December 11, 2002 meeting was deferred.

3. Budget update

Peter reviewed major elements of the revised budget, which reflects the change in the Trust's fiscal year to end December 31, 2003.

4. Open Solicitation Updates

1. Albany Hydro is refurbishing one generator as part of larger bond initiative to upgrade the city's water treatment facilities. The project will have an installed capacity of 511 kWh of energy. Trust contribution will be \$475,000, but may decrease if the project can get a business energy tax credit (BETC) match from PacifiCorp. Angus stressed the importance of BETC to making these projects cost-effective, which led to a discussion of the BETC structure. Currently, companies have to take the credit over 5 years, which Bob Woods says makes the BETC unattractive to private partners. Peter explained how he calculated the above market costs, including transmission, distribution and other component costs. The Trust may review the above cost methodology and ways to integrate economic modeling with actual market behavior. This will be the Trust's first large project with a local government, and will help us learn about how to structure

these types of projects. The Trust will own the green tags, and will make those tags available to Pacific Power's customers. Lynn asked that all project summaries include information on the ownership of the green tags, which was supported by the council.

2. A microturbine biogas generating facility in Tigard will use waste gas from a sewer treatment plant. There are another 18 projects around state that could use the technology. The sponsors have asked for \$90,000 to support 60 kW of generation. The project has a BETC partner. Lisa asked about plans for technology transfer, and Peter answered that part of the contract with Clean Water Services will be to promote the technology for other waste water treatment facilities. If this project works, the Trust may develop a program. There was discussion that the green tag calculation should account for the flaring of the excess gas from the conversion process. The council supported the project. Lisa asked how to respond to people who ask what this power costs. Peter said that the cost per kWh will be relatively high initially because we are at the beginning of market transformation, and costs should come down as more projects are done.
3. The Calapooia Crossing community development in Roseburg is using a 4kW solar panel on a community laundry building. The Energy Trust will contribute about \$20,700 for the project. The costs per kW are somewhat less for this project than the Brewery Blocks. Angus talked about the other values for early solar projects, such as visibility and connection to community, which have a market transformation effect, and wondered whether this project has those qualities. Lisa supported caution in supporting expensive projects in low income developments where tenants have basic unmet needs. This project is part of a much larger development linking energy efficiency with renewable generation. There was a question about whether the washing machines are energy efficient, and a recommendation to ensure that for renewable projects, all cost-effective energy efficiency has been done. Thor wondered about the process, since the group did not support the project wholeheartedly, but a letter of intent had already been sent. Peter said that the project met the criteria laid out by the Energy Trust board. Staff is now developing a more official review process for board approval of open solicitation projects. Lisa suggested that email might be used to get input from advisory council.
4. The Apeasay Orchard is building a 25 kW wind-powered, net-metered farm irrigation system. The Energy Trust is contributing about \$23,000 to the project. John suggested that the project summary include mention of drip irrigation, which conserves water and is another value for the project. The council advised and Peter agreed that all projects must have all permits approved before the Trust contributes. Dave said we need to be careful about negative publicity for projects that might be opposed by scenic activists. Andrew Young suggested that project guarantee production levels.

Break

5. PV Program Overview

Char Rollier presented an overview of the PV program planned for a May 2003 launch. Staff is doing market analysis with a consultant. On Feb. 26, staff will meet with OSEA in Salem to review details of the program. Most program planning will be done within the next few weeks, and will be presented to the board on March 5. By the next RAC meeting, staff will have a

complete draft program for council review, and is aiming for board approval on April 30. Key to success in solar is helping to develop an infrastructure to respond to initial consumer demand, and then to move to the next level of consumers.

By May, most program elements will be decided: PV system design criteria, vendor registration, installer training, verification, market analysis and a marketing plan. For July, more program elements will be formalized, including loan options, demonstration contracts, a best pricing RFP, and system certification.

Earth Week Energy Day is April 21. Sydney Clouston asked for flyers for the event at South Park blocks sponsored by PSU.

Lisa asked about total rebates, and Peter responded that about 40-50% of installed costs are planned for residential, for an average of about \$255 per watt for the Trust incentive. Incentives will be modified as data come in on program installations. Commercial installations will have 8-12 year payback periods. The innovative practices review indicates that shorter payback programs seem more successful – about \$1.50 - \$2 per watt depending on tax laws and credits, and borrowing rates. The total program budget is about \$1 million for incentives for 2003, not including other program costs.

John Reynolds asked about the program's attention to new buildings. Peter reported that this is a Phase 2 element. Rob asked about vendor caps, and there will be service area caps. The program will use credits, not rebates, and Kathy said the program should clearly explain the incentives, since there has been confusion about this among taxpayers.

6. Solar Monitoring Proposal

Frank Vignola presented proposal for PV monitoring systems. The goal is to provide feedback to the solar industry on better practices, and to create a predictable resource from the utility and Trust perspectives.

The council supported the project, with one caveat about the equipment testing portion of the proposal with Home Power magazine. The group commented that we might pursue some support for the testing from other groups nationally, since the data will apply broadly.

7. The meeting adjourned at 12 noon.