

4.13.0001- Review Process for Other Renewable Energy Projects

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	April 30, 2003	Approved (R183)	April 2006
Board Policy Committee	April 2006	No change	April 2009
Board Decision	May 6, 2009	Amended (R513)	May 2012
Board Decision	August 22, 2012	Amended (R638)	August 2015
Board Decision	July 31, 2013	Amended (R671)	July 2016
Board Decision	April 1, 2015	Amended (R741)	April 2018
Board Policy Committee	March 5, 2018	No change	March 2021
Board Policy Committee	March 3, 2021	No Change	March 2024

Summary

Amend the policy on Other Renewable Energy Projects to: (1) include geothermal projects in the “mature technologies” track, (2) recognize \$200,000 as the threshold for board review of early-stage project development assistance, and (3) streamline the review process for non-mature technologies by using a \$200,000 threshold for review of these projects.

Background

- In 2003, Energy Trust established programs for large, utility-scale projects, solar photovoltaic (PV) projects (coordinated with energy efficiency programs where appropriate), wind projects, and an “Open Solicitation” program for projects involving less established technologies and applications.
- Funding for utility-scale projects usually involved more than \$500,000 and required board approval. The utility-scale program was eliminated by the 2007 Oregon Renewable Energy Act, which limited the use of public-purpose funds to projects of 20 megawatts and less.
- Early on, Energy Trust found that solar photovoltaic projects lend themselves to a standardized process. In addition, Energy Trust wished to incorporate solar PV in energy efficiency programs. This made it advisable to use approval processes comparable to those used for efficiency projects (board review of projects involving more than \$500,000 in incentives).
- Open Solicitation projects, in contrast, were expected to be risky, requiring more extensive review:
 - Projects involving \$50,000 or less in Energy Trust funds could be approved by the executive director.
 - Projects involving \$50,000 to \$125,000 were placed on the board’s consent agenda unless a member asks that a project be moved to the regular agenda.
 - Projects involving over \$125,000 were put on the board’s regular agenda.
 - The Renewable Energy Advisory Council (RAC) would review all projects over \$50,000.
 - A summary of any project under \$50,000 approved by staff was provided subsequently to the board and RAC.

- As Energy Trust acquired experience with renewable projects, the board recognized that not all technologies require such intensive review:
 - In 2005, the Biopower program was established, at first operating through Open Solicitation procedures and later using less intensive review.
 - In 2009, the board created two tracks in the Open Solicitation program (the name changed to “Other Renewables” in 2012): (1) a “mature technologies” track for established technologies (wind and traditional hydropower projects), which the executive director could approve up to \$500,000; and (2) other technologies, which would still require more intensive review.
 - In 2013, the board merged the Biopower program into the Other Renewables program for purposes of budget management and designated it “mature.”
- The 2015-2019 strategic plan emphasizes early-stage assistance for renewable energy projects (grant-writing, feasibility studies and other expert development assistance). The procedure for approving this assistance has been established in discussion with the RAC and the board: the executive director may approve assistance up to \$200,000: currently, a standard application process is used for up to \$40,000, and a competitive process for up to another \$150,000. Staff expects to use the standard process for up to \$200,000 in future.
- At this point, then, board review and approval of renewable projects is triggered by various dollar amounts for various technologies:
 - The executive director approves biopower, wind and traditional hydropower project incentives up to \$500,000; the board approves higher incentives.
 - The executive director authorizes early-stage project assistance up to \$200,000.
 - Standardized solar photovoltaic incentives, often linked to energy efficiency projects and involving less than \$500,000, are approved through standard procedures.
 - For less mature technologies:
 - Incentives over \$125,000 require RAC review and board approval.
 - Incentives of \$50,000 to \$125,000 require RAC review and board approval via the consent agenda.
 - Incentives under \$50,000 are approved by the executive director and later reported to the RAC and board.

Discussion

- **Geothermal as a mature technology:** Geothermal energy technology is well understood and staff is fully as comfortable with it as wind, biopower and traditional hydropower technologies. Utility-scale geothermal energy technology is well-developed. The U.S. has more installed geothermal capacity (~3400 MW) than any other country. Both of the projects Energy Trust has funded have used binary technology. Binary technology, which uses a standard commercial technology (essentially running a commercial chiller in reverse), was introduced to the US in the 1980s. Binary technology. The binary supply chain is mature, with suppliers providing products from manufacturers with long business histories and solid

warranties. Risk associated with geothermal projects has more to do with resource development than technology.

- **\$200,000 threshold for early-stage assistance:** The 2015-2019 strategic plan's emphasis on early-stage assistance for renewable projects followed a series of discussions with the board and the Renewable Energy Advisory Council. A \$200,000 threshold for board review was assumed in those discussions and is now incorporated in the standardized process for early-stage project development assistance. The staff's current proposal is simply to reflect this threshold in the Other Renewables Policy.
- **\$200,000 threshold for non-mature technologies:** Adopting the same \$200,000 threshold for board review of projects using non-mature technologies would simplify the Other Renewables review process without, staff believes, increasing Energy Trust risk in any meaningful way. Most non-mature technology projects (which, if geothermal is deemed mature, will likely be limited to non-traditional hydropower) require incentives over \$200,000.

POLICY FOR OTHER RENEWABLES PROGRAM PROJECT APPROVAL

The Energy Trust of Oregon, Inc., Board of Directors:

1) Authorizes two tracks for approval of project incentives within the Other Renewables Program and not covered by other Energy Trust solar energy programs:

a. Mature technologies, i.e., biopower, traditional hydropower, wind, geothermal and such other technologies as the board may designate in the future: The executive director may approve projects involving incentives less than \$500,000; board approval is required for projects involving \$500,000 or more.

b. Other projects:

- i. Projects involving incentives of \$200,000 or less may be approved by the executive director. A summary of any such project will be provided subsequently to the board and Renewable Advisory Council.**
- ii. Projects involving incentives of more than \$200,000 will be reviewed by the Renewable Advisory Council and require board approval.**

2) Authorizes the executive director to approve up to \$200,000 per project for early-stage project assistance such as grant-writing, feasibility studies and other expert development assistance. Procedures for reviewing such awards shall be reported to the Renewable Energy Advisory Council and discussed with the Board.