EnergyTrust of Oregon, Inc.

# Policy Committee of the Energy Trust Board of Directors

February 1, 2007, 12:00-4:00 pm

Attending: Jason Eisdorfer, John Reynolds, Tom Foley, Margie Harris, Steve Lacey, Sue Meyer Sample, Peter West, Jan Schaefer, Jill Steiner, Phil Degens, Adam Serchuk and John Volkman.

1. Advisory Councils charter. Staff has drafted a charter to cover both advisory councils. Under the charter, the charter would codify existing practice and each council could then develop council-specific operating guidelines. Membership changes could be proposed by staff and take effect with Policy Committee consent. The committee approved and suggested the charter be discussed with the councils and put on the board consent agenda.

2. Bonneville Power Administration Conservation Rate Credit funds. In December, the Board authorized staff to enter into an agreement with PGE to use about $2 million from the BPA Conservation Rate Credit to provide additional energy conservation services for PGE customers.

Staff briefed the committee on negotiations over a Memorandum of Understanding with PGE, which are underway. The funding would enable us to do additional work, not require new programs or measures. If BPA loses a court case involving the Credit, the funding could dry up, in which case we would need to adjust our budget. There will be additional reporting burdens, which will be funded by the Credit. Staff expects to bring this to the board March 28.

In addition, a confidentiality policy issue has arisen: Energy Trust policy provides that unless we have participant consent, we will disclose only limited information about program participants. BPA wants broader access to participant information for audit purposes than the policy would permit. Staff has thought of two ways to address the concern: (i) obtain participant consent by amending Energy Trust program forms; and/or (ii) amend the confidentiality policy to allow us to share the information. There is sensitivity about both options. Staff will seek assurance that BPA auditors will sign a confidentiality agreement in exchange for access to the information.

3. Green tag policy. Staff briefed the committee on our response to a recent legislator's question about the green tag policy. The legislator understood why holding green tags for ratepayer benefit is appropriate.

Staff also discussed a proposed schedule for addressing potential green tag policy revisions discussed in the strategic planning process. Staff hopes to bring a policy to the board at the end of March. Any policy will likely be interim, subject to change if the legislature adopts a renewable portfolio standard.

4. PMC model evaluation. The evaluation will assess strengths and weaknesses of the current program management model and alternatives. We have chosen a contractor (Research Into Action and team members) and the evaluation is under way. We should have information (although not a final report) by the time we re-compete program management contracts. The

evaluation should consider the importance of both delivering services and building a clean energy business sector. The Policy Committee and the Evaluation Committee should be briefed on a preliminary report in March and the CAC in April.

5. Large photovoltaic project. Staff is evaluating a large-scale (almost 1 aMW) solar photovoltaic project in PGE service territory. Staff briefed the committee on the project, and the idea of transferring $736,000 funds from the Utility-Scale program budget to the Open Solicitation Program to fund the project. The total project investment is $6-plus million. The utility-scale contribution would not come from the PGE Master Agreement. Energy Trust would own green tags from years 3-20. The project represents a promising new business model (pairing a non-profit and outside investors with tax credit appetite), a demonstration that solar can work in Oregon at a much larger scale than previously. Funding for the project ($1.2 million total) will be requested at the February 14 board meeting.

6. Gas goal and performance measure. Staff has completed analysis of the gas goal in light of new gas utilities, anticipated changes in OPUC performance measures (a proposed increase in levelized cost from 30 to 40 cents per therm) and counting rules (counting market transformation effects of gas efficiency). If the OPUC approves these changes, the new, proposed goal for the Energy Trust would be 21 million therms (up from 19 million). The committee discussed the need to explore reaching people whose income is 6-80% of the poverty level.

7. Other. The committee briefly discussed several items:

- Legislative update (see attached)
- Potential expansion of service area to Washington
- *Oregonian* article on PGE's green power program (Margie may write a letter to the editor)
- Policies scheduled for review in 2007:

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| Green Tag Policy | 2/07 |
| Public Interest Policy | 5/07 |
| Economic Development Policy | 6/07 |
| Contract execution and oversight | 9/07 |
| Carbon Credits | 9/07 |
| Competition Rules | 12/07 |

## ATTACHMENT: OREGON ENERGY BILLS

### Public Purpose Charge:

**SB 87**:

- Changes the PPC sunset date to March 1, 2022.
- Allows the OPUC to increase the 3% charge subject to:
  - Notice, comment and hearings
  - A finding that the change is needed to acquire conservation and r/e to meet customer energy needs at lowest cost and least risk
  - no more than 1% increase every two years
  - no more than 5% or less than 3%
- Clarifies that the 3% PPC is allocated in certain proportions (no substantive change):
  - 56.7% to e/e and market transformation;
  - 17.1% to r/e;
  - 11.7% to low-income weatherization
  - 4.5% to HCSD
  - 10% to ESDs
- If OPUC increases the PPC, funds in excess of 3% go to conservation, market transformation and r/e, with no specific allocation.
- Reports recommending: (1) changes in the PPC due Jan. 1, 2013; and (2) whether to renew PPC due Jan. 1, 2019.
- Mon, 01/15/2007 10:02 AM - Referred to Environment and Natural Resources.

**HB 2209:** identical placeholder bill in House. Wed, 01/10/2007 04:25 PM - Referred to Energy and the Environment.

**SB 418:** Eliminates limits on public purpose charge that may be collected from certain aluminum plants and from retail electricity consumers with loads greater than one average megawatt. Fri, 01/19/2007 04:37 PM - Referred to Business, Transportation and Workforce Development.

**SB 461:** Increases low-income fund from $10 to 15 million (in addition to 3% charge). PUC allocates utilities' obligations to collect; PUC may make different allocations for residential and commercial ratepayers. Beginning 2009, PUC may increase the fund in step with the Consumer Price Index. No retail customer pays more than $500 a month. Applies to utility bills after Jan. 1, 2008.

### Renewable Portfolio Standard:

**SB 453**:

- Renewable includes wind, solar and <10 MW hydro using existing water diversion meeting state requirements, methane, wastewater or landfill gas, non-toxic biomass and hydrogen.
- By 2010, utilities must be 5% renewable; by 2012 10%, of which 5% will be solar and 50% biomass or geothermal with 70% capacity factor..
- 5 cent/kWh penalty for not meeting standard absent waiver for infeasibility.

**SB 373 and HB 2209:** Require ODOE to create renewable portfolio standard requiring electric utilities to derive 25 percent of annual retail electricity sales from renewable energy resources by 2025. Authorizes department to adopt rules to implement standard. Senate bill referred to Environment and Natural Resources Fri, 01/19/2007; House bill referred to Energy and the Environment.

## Production Tax Credit:

**SJM 2:** Memorial urging Congress to extend the Renewable Electricity Production Credit to 2018. Thu, 01/25/2007 03:01 PM - Public Hearing and Possible Work Session scheduled

## BETC:

**HB 2211:** Increases annual cap on amount of business energy tax credit for certified facilities using renewable energy resources or renewable energy resource equipment manufacturing facilities. Eliminates reduction in credit when taxpayer claims federal income tax credit for same facility. Expands business energy tax credit to include credit for homebuilder-installed renewable energy systems, high-performance homes, renewable energy resource equipment manufacturing facilities and energy facilities that mfr. or distribute alternative fuels. Modifies period over which credit may be claimed if facility on which credit is based uses or produces renewable energy resources. Defines terms and authorizes ODOE to adopt performance, efficiency and other criteria for certain types of facilities that qualify for credit. Mon, 01/29/2007 01:01 PM - public hearing scheduled.

**HB 2483:** Increases business energy tax credit. Limits fees utilities may charge for net metering facilities. Provides that renewable electric energy projects that have obtained all required government approvals automatically qualify for renewable energy certificates. Requires electric utilities to purchase all electricity generated by renewable electric energy projects at rates established by OPUC within limits. Prohibits exclusion of renewable electric energy project from incentive program due to age of project. Tue, 01/23/2007 10:25 AM - First reading. Referred to Speaker's desk.

## RETC:

**HB 2212:** Expands residential alternative energy device tax credit to permit increased capacity wind electric systems and fuel cell systems to qualify for credit. Makes conforming changes. Applies to alternative energy devices constructed or installed after January 1, 2007. Mon, 01/29/2007 01:01 PM public hearing.

## OTHER:

State agency renewable energy generation: **SB 232** allows state agencies to construct and operate facilities for generation of electricity. Conditions sale of electricity generated. Provides that revenues from sale of electricity are continuously appropriated to agency that sells electricity.

Renewable research center: **HB 2296** establishes renewable energy research center at Cascades Campus of Oregon State University. Declares objectives of center. Appropriates moneys from General Fund to Oregon State University to establish and maintain center.

Biofuels: **HB 2210** creates property tax exemptions for facilities producing ethanol, biofuel or certain fuel additives. **SB 316** authorizes property tax exemptions for facilities producing ethanol, biofuel or certain fuel additives. Allows taxing district to opt out of exemptions. Limits period for which new facilities may claim exemption. Creates income tax credit for production or collection of biomass used to produce biofuel. Creates income tax credit for consumer use of biofuel fuel blends or solid biofuel; and diesel engine repowers and retrofits. Establishes renewable fuel use standards, including labeling and blending requirements. Prohibits sale of gasoline that contains certain additives. Modifies energy facility siting requirement exemptions. Modifies reporting requirements for alternative energy device tax credit.

Product efficiency standards: **SB 375** establishes minimum energy efficiency standards for certain products. Prohibits sale or installation of products that do not meet standards. Allows Director of ODOE to adopt rules in certain cases to update minimum efficiency standards. Requires director to introduce bill at Legislative Assembly to conform statutory minimum efficiency standards with rules. Requires director to apply for waiver of federal preemption in certain cases.

PGE takeover: **SB 443** establishes Oregon Community Power to: enter into negotiations and acquire assets of PGE. Authorizes State Treasurer, at request of Oregon Community Power, to issue revenue bonds. Creates funds and continuously appropriates moneys to Oregon Community Power for acquisition, debt service and operation. Limits expenditures of bond proceeds and debt service moneys. Appropriates moneys from General Fund to Oregon Community Power to negotiate acquisition.

ODOE finances: **SB 5512** appropriates moneys from General Fund to ODOE for biennial expenses and for specified loan obligation. Limits certain biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by department. Authorizes specified unlimited expenditures. Limits biennial expenditures by department from federal funds.

OPUC finances:

**SB 5537** limits certain biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by OPUC.

**HB 2479** prohibits OPUC from including tax savings realized by public utility affiliates that result from tax credits associated with investment in or operation of facilities by affiliate, if affiliate is regulated as public utility in other state and tax savings have been included in regulated operations of affiliate in other state. Modifies definition of taxes authorized to be collected in public utility rates for purposes of application of automatic adjustment clause to rates, in order to base calculation of taxes authorized to be collected in rates on actual audited results of utility regulated operations.

**HB 2052** allows OPUC to collect fees from PUDs, cable companies, etc.

**HB 2053**: fees for pole attachments