EnergyTrust of Oregon, Inc.

Board Decision
Proposed Funding for EPCC Solar Project

August 8, 2007

Summary

Staff seeks authority to enter into a contract with EPCC Solar LLC to pay up to 100% of the above-market cost, not to exceed $166,500, of a 90 kW solar project.

Background

- The proposed project involves a 90 kW (nameplate capacity) solar array to be placed on the City of Portland's East Portland Community Center. Ground was broken for the EPCC structure in July, 2007; the solar project is expected to be installed in the summer of 2008.

- The solar system ensures the project will attain at least a gold LEED rating. This will be the first time in Oregon that a solar system is a key factor in securing a LEED rating. It may be enough to provide a platinum rating under LEED, but this will not be known for certain until the final calculations are reviewed by the Green Building Council.

- EPCC Solar LLC consists of an outside investor and the non-profit Bonneville Environmental Foundation (BEF).

- The project will be financed as follows:

    - PGE will make $100,000 grant to the project.

    - An LLC composed of Bonneville Environmental Foundation (BEF) and a major investor will own the project and sell the project's power to the City of Portland. The investor will use the project's tax benefits in the project's early years, and then majority ownership will "flip" to BEF, at which point the LLC may or may not continue to exist. At that point, the city may purchase the solar system.

    - Energy Trust will pay 100% of the above-market costs of the project, $166,440. This sum includes $9,000 to be paid to BEF, if it buys out the major investor and the City does not purchase the system from BEF. The funds for BEF are needed to ensure full costs are covered if BEF's ownership lasts longer than expected.

- Energy Trust and PGE will jointly take title to all the tags for the project and retire them on behalf of PGE ratepayers.

- Major terms of the proposed agreement:
  - Energy Trust's payment will be made upon commissioning of the system after an inspection shows the project meets Energy Trust's solar program installation standards and is ready for commercial operation.
  - The LLC will manage the project to meet construction and operation milestones.
  - If after the start of commercial operation, the project fails to generate at least half of its 92,434 kWh generation capability in any 12-month period, the LLC will repay Energy Trust a pro-rated portion of the Energy Trust subsidy.

Discussion

- The project would help encourage solar in Oregon by demonstrating:
  - that PV systems can be a key part in securing LEED ratings in the Portland area;
  - a new financing model that municipalities and non-profits can use to finance PV;
  - continuing partnership with PGE on projects in its service area; and,
  - that solar PV projects in Oregon can attract investors.

Recommendation

- Approve funding for the project by adopting resolution number 443:

RESOLUTION #443

APPROVING FUNDING FOR THE EPCC SOLAR PROJECT

WHEREAS:

1. **EPCC Solar LLC proposes 90 kW (nameplate capacity) solar photovoltaic array to be placed on the East Portland Community Center. The LLC consists of an outside investor and the Bonneville Environmental Foundation.**
2. **The LLC seeks an Energy Trust incentive to pay 100% of the above-market costs of the solar project, $166,440.**
3. **The project will encourage solar in Oregon by demonstrating that solar photovoltaic projects can play a key role in achieving LEED ratings in the Portland area, and demonstrating a financing model that other municipalities and non-profits can use to finance such projects.**

It is therefore RESOLVED that the board of directors of Energy Trust of Oregon, Inc., authorizes the Executive Director to negotiate and execute a contract with EPCC LLC to pay up to $166,440 of the above-market costs of the solar project, consistent with the following terms:

1. **Energy Trust's payment will be made after the system is commissioned and an inspection shows the project meets Energy Trust's solar program installation standards and is ready for commercial operation.**
2. **EPCC LLC will manage the project to meet agreed construction and operation milestones.**
3. **If after the start of commercial operation, the project fails to generate at least half of its 92,434 kWh generation in any 12-month period, the LLC will repay a pro-rated portion of the Energy Trust incentive.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]