EnergyTrust of Oregon, Inc.

Board Decision
Approving Basic Terms of an Agreement with ProLogis to Fund a Solar PV Project

October 3, 2007

Summary

Approve basic terms of an agreement with ProLogis to install a total of 3.5 - 4.7 MW of solar photovoltaic (PV) generation on as many as 17 ProLogis buildings in Portland General Electric (PGE) service territory, at an Energy Trust cost of not more than $3,405,000.

Background

- This project results through Energy Trust's Open Solicitation Program, requiring board approval of projects involving Energy Trust incentives of this scale.
- ProLogis is the world's largest owner, manager and developer of warehouse distribution facilities. The company has previously installed several large, rooftop PV systems in Europe, and identified at least 17 of their buildings in PGE service territory where PV systems could be installed.
- The proposed solar systems would provide power directly to PGE under standard contract terms and rates for qualifying facilities under 10 MW.
- Total project size will depend on final installed costs. If installed prices are favorable, the project could produce 4.7 MW. Moderately higher prices would yield 3.5 MW for the same Energy Trust funding.
- Proposed funding would be from the unspent 2007 utility scale budget.
- PGE supports the project, seeing it as both an opportunity to help customers employ more green power and an effective source of peak power.
- The RAC and Policy Committee reviewed and voiced support for the project.

Analysis

- Even at the lower size of 3.5 MW, the project would be the Energy Trust's largest single PV venture, exceeding the Solar Electric Program's total installed capacity during the last four years.
- Given the range of possible project scale, staff first evaluated the project at the low-end of 3.5 MW. Total project cost would be $25,414,850, an estimated $7.26/watt, with above-market costs of $3,405,000. If project costs are lower than assumed, a larger system of up to 4.7 MW could be built at the same incentive level.
- Energy Trust funding of an estimated $0.97/watt would be by far the lowest ever paid per unit for solar. The standard incentive for commercial solar projects under the Energy Trust's Solar Program is $1.50/watt.

- Over the first 20 years of operation, the clean power produced by the project will help avoid over 42,700 tons of CO_2 emissions. It would take 140 acres of trees to sequester this much carbon.
- In addition to the quantifiable benefits of the project, staff believes this project will:
  - Serve as example for large PV projects utilizing rooftops as a resources
  - Demonstrate that solar works for large commercial buildings – and in Portland
  - Help a utility manage peak resource requirements
  - Allow Energy Trust to push the boundary of what we fund for PV
- Basic terms of the agreement:
  - ProLogis would agree to deliver a project of at least 3.5 MW
  - When bids are finalized and accepted by ProLogis, a re-calculation of above-market costs would be done by staff to refine the estimate above
  - Energy Trust would provide a maximum of $3,405,000
  - Green tags would be delivered to PGE and held in trust by PGE for the benefit of ratepayers for compliance with Renewable Energy Act obligations

Recommendation

Approve the basic terms of an agreement with ProLogis to provide up to $3,405,000 of the above-market costs of a multi-installation PV project, paid for by budgeted and unspent funds in the 2007 utility scale budget.

RESOLUTION #453
APPROVING FUNDS FOR A SOLAR PROJECT WITH PROLOGIS

WHEREAS:

1. **ProLogis proposes to install a total of 3.5 - 4.7 MW of solar photovoltaic (PV) generation on as many as 17 ProLogis buildings in the Portland General Electric (PGE) service territory.**
2. **The above-market costs of the project are estimated to be $3,405,000 or less.**
3. **Even at the low end, the project would be the Energy Trust's largest single PV venture, exceeding the Solar Electric Program's total installed capacity during the last four years.**
4. **Energy Trust funding of an estimated $0.97/watt would be by far the lowest it has ever paid per unit for solar. In comparison, the standard incentive program provides $1.50/watt.**
5. **Over the first 20 years of operation, the clean power produced by the project will help avoid over 42,700 tons of CO2 emissions.**

It is therefore RESOLVED that the board of directors of Energy Trust of Oregon, Inc. approves an agreement with ProLogis consistent with the following basic terms:

1. **ProLogis will deliver a project of at least 3.5 MW.**
2. **When bids are finalized and accepted by ProLogis, staff will re-calculate above-market costs.**

3. **Energy Trust will provide a maximum of $3,405,000.**
4. **Green tags will be delivered to PGE and held in trust by PGE for the benefit of ratepayers for compliance with Renewable Energy Act obligations.**

Moved by: Seconded by:

Vote: In favor: Abstained:

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