RENEWABLE RESOURCE ADVISORY COUNCIL
Notes from meeting on April 15, 2009

Attending from the Council:
Doug Boleyn, Cascade Solar Consulting
Kyle Davis, PacifiCorp
Troy Gagliano, enXco
Robert Grott, NW Environmental Business Council
Thor Hinckley, PGE
Suzanne Leta Liou, Renewable Northwest Project
Debra Malin, Bonneville Power Association
Frank Vignola, University of Oregon
Sandra Walden, OSEIA

Attending from the Trust:
Kacia Brockman
Jed Jorgensen
Betsy Kauffman
David McClelland
Elaine Prause
Thad Roth
Lizzie Rubado
Brian Thornton
Peter West

Attending from the Board:
John Reynolds

Others attending:
Bruce Wickson
Heather Beusse, enXco
Emilio Hernandez III

1. Welcome and Introductions

Betsy called the meeting to order at 9:35am. Everyone introduced themselves. The agenda was adopted without changes. The March minutes were adopted without change.

Kacia noted that Brian Thornton, Energy Trust's Commercial Solar Manager, will be leaving on Friday April 17th for a new position at the Pacific Northwest National Lab.

2. Budget impacts from Large Scale Solar Projects

Peter West presented on the ability of Energy Trust to fund large scale PV projects. Peter started by presenting where Energy Trust has spent its money. Since 2003, 45% has been on solar, 30% has been on wind, biopower has spent about 18% and Open Solicitation has been about 7% of spending.

Energy Trust has had an agreement with stakeholders and a board-approved strategic overlay that over time we would not spend more than 50% of our money on any one resource, or less than 10% on any one resource. We haven't hit that 10% mark on hydro or geothermal yet. These numbers may shift over time so that hydro comes up more. You have to take what you can get, but overall we've kept within that balance.

Peter reiterated the budget themes from last fall. All were unanimously supported except for one: the OPUC felt we should manage down the PV incentives to lower the demand for more

solar funding. They didn't ask us to change the budget, but they feel we are at the limit of what we should be spending on solar.

Last fall we agreed to limit support for community wind for large scale turbines. Now turbines are available but financing is very difficult. We did agree to limit the expansion of solar to very large projects, given its relative impact on funding for small and mid-sized projects. We also agreed that we have a good range of successful programs in a variety of renewable technologies, which we should continue to support. We agreed to continue our efforts on biomass, hydro, municipal projects and small wind efforts. We also set aside some money last year for large scale solar from PGE's 2008 RFP. That was the exception to the above.

Peter explained the current commercial solar incentives. There are flat incentives up to 30kW. Beyond 30kW there is a sliding scale fro projects sized up to 200kW. The incentive has a cap at 200kW. There is also a multi-site incentive in PGE territory of $0.80 per watt, up to 800kW. This incentive was based on data from California. There are government and non-profit incentives that follow the same curves, but are about 20 cents per watt higher. The increase is due to the more expensive nature of third-party ownership and the lack of ability to take tax credits in full over time.

Peter described the large projects that have recently been installed. The ProLogis 1MW project came in at about 97 cents per watt, while the PHC 859kW project was about $1.25 per watt.

Energy Trust recently evaluated three large scale solar projects ranging from 3.0 – 4.5 MW in capacity. Incentive for those projects would cost between $1.09 - $1.79 per watt.

The reason that large scale projects are more expensive than the cheapest, standard projects has to due with two things: 1) The large projects are taking the BETC as a pass-through and not over time. A pass-through is taxable income and the tax effects lowers the net value. 2) The large projects selling power to the utility, rather then net metering, and have to pay property taxes on the installed value of the project.

Net metered projects are exempt from property taxes. Further, costs for operations, maintenance, and insurance costs get absorbed by the existing building while stand-alone projects have to pay their own way with regard to all of those costs.

These big projects are in the range between ProLogis and PHC. They are not as cheap as the larger, net metered projects. Last summer we thought that if we were going to choose between larger net metered projects and the very large, stand-alone projects the value to the ratepayer would be in the larger, net metered installations.

What does the budget say? We've got about $10 million previously committed in PAC. Aside from this we had about $6.8 million available in incentives at the beginning of 2009 for PAC. We've paid about $360,000 so far, mostly for solar. We've also committed funds for new projects, which total another $3,000,000. We have contracts we are in negotiation with right now, which we estimate to require about $1.2 million. These are applications we've accepted where we are negotiating the terms of our incentive dollars. When it's all said and done, we've got about $2.2 million left in PAC for the year. If you've got a $1.10 per watt solar project, you can get about 2 megawatts without affecting any projects we are negotiating with.

So we could entertain a PV project, but it would mean doing nothing else for the PAC programs for the rest of the year.

Suzanne asked if Peter meant that we would take the total PAC budget as opposed to the $1.7 million remaining in the PAC solar budget.

Peter said you could do that too, but you wipe out the solar program in PAC. Also, there is a larger base of renewable resources in PAC territory. A lot of biomass has already walked in the door. These are the tradeoffs.

Energy Trust told PacifiCorp that we would prefer to delay any decision on large scale solar until we can understand a few things: what the impact of the stimulus package will be on our funds, and what the final need will be for the biomass projects that are currently being negotiated. Some of those could fall off the table.

We don't know what the demand from the stimulus package will be, but we will know after June 25th. That is the deadline for all parties to submit their plans to take advantage of the stimulus funds. We've heard there will be a significant call.

In addition, this is not the prime time for solar. We'll see an uptick in installations in summer and fall. We're already somewhat ahead of where we would expect to be at this point in the year.

Suzanne asked if the remaining solar budget would likely be spent by the end of 2009.

Peter clarified that this is the amount of money that is left as of Monday. We would expect to spend that money by the end of the year.

In Biopower we will know how much is left for the year by late June. It's difficult to say how much activity will happen in Small Wind and Open Solicitation.

Sandra commented that OSEIA has been asking for input from their members to see what projects would be looking for stimulus funds and what would be looking for money from Energy Trust. She thinks there will not be enough Energy Trust money as it stands for all the projects she is hearing about

Frank asked what the installed cost was for the projects we evaluated. Peter responded that information is confidential for those projects at this time.

Carel asked how much money is going to smaller scale PV systems versus large scale systems. Dave responded that a good portion of the projects are in the 30-100kW range.

For PGE, there is $12.2 million already committed to projects from prior years. A large chunk of that is the Warm Springs Biopower project. Another portion is what we've set aside to support of project from the PGE RFP. For the 2009 budget, we start out with more money, about $13.7 million. Of this initial budget, we have spent, committed or accepted applications for $5.8 million, which leaves $7.9 million left for programs for the remaining of 2009.

There is room here to do a large scale project for PGE. It's a totally different story than in PAC territory. But we still need to know what the impact of the stimulus package is going to be. Peter would still prefer to see what happens this summer. Another wildcard are the wastewater treatment plants. They have a separate stimulus package that may drive activity there.

Energy Trust will pick what we can out of the PGE RFP and support it, then if there is more room we can evaluate if we can put money aside for 2010.

Our recommendation to PacifiCorp is that we would prefer to wait and see rather than gut a program. In PGE there is the outstanding RFP. Rather than take a new project coming at us we'd rather see what comes out of the competitive process.

Troy asked how long Energy Trust will wait to know in PacifiCorp territory. Peter said he'd like to wait until the end of June and into July to see where things fall out.

Suzanne asked if it's possible to put a range on the pot of money that we could spend on large scale PV in PGE. Peter said the total available is $7.9 million for PGE. The money would come out of biopower and solar for the most part.

Carel asked if the solar budget is really about 80% solar for PGE in 2009. Peter said yes. The opportunities in PGE's territory are solar, solar, solar, a little biomass, small hydro and small wind. Other opportunities will be ad hoc and we are open to them.

Thad asked if Bonneville can be a partner in potentially wheeling power from PUDs to PGE territory.

Debra said the question is really about an energy exchange and the answer is no. They are trying to get a handle on their control area and balancing their load from all the wind that is coming on line.

Kyle asked if the historical budget allocations could be broken up by utility. Part of the reason they are arguing for large scale solar is to provide diversity in their portfolio. Kyle said PacifiCorp is going to turn back some of the Goodnoe Hills money provided by Energy Trust for that project. They are going to turn back roughly $3.2 million and they are going to ask that that money be set aside for a large scale solar project. They did an RFP as well and they will come to the trust for an incentive for that project.

Debra suggested that Kyle call Sempra because they had a project where the PPA rate was in the mid eighties.

Suzanne asked how the other states were willing to pick up the remainder of the costs for the Goodnoe Hills project.

Kyle responded that the other states want to pick up the environmental attributes and so they are now willing to pay a little bit more of their share of the above market costs of Goodnoe Hills.

Kyle also said that there needs to be a differentiation between net metered and large scale solar projects because they are not directly comparable.

Peter said that is correct. The solar program is set up for net metered systems.

Kyle said they are consciously trying to diversify their resource portfolio by fuel type and project size.

Peter said when money comes back like this it is really unallocated until the board decides. Peter asked when we will get to see something from PacifiCorp.

Kyle responded that early May is their internal deadline. He thinks that $3.2 million will be more than enough to cover a large scale solar project.

3. Update on Stimulus Funding

Betsy asked if anyone had anything new to share about stimulus funding. No one had any new information.

Betsy reported that Energy Trust has been meeting weekly. The Department of Administrative Services has put together a big list of efficiency and renewables proposals. On the renewables side Energy Trust thinks we can meet the needs of that list without exhausting our standard incentives.

In general, understanding the stimulus funding process has been a challenge since there is new info all the time and different theories on how matching funds will or should work. Energy Trust has been scrambling to provide assistance to communities in prioritizing projects.

4. Public Comments

Robert Grott noted that the NEBC conference tomorrow will have over 300 people in attendance. There is still room for more folks.

Suzanne gave a small update on the production based incentive bill in the legislature. There are a couple ideas on the table. They came to an agreement on a pilot feed in tariff bill. It is up to 25 megawatts and requires the PUC to report back in 2013. RNP felt strongly that that program not take away funding from Energy Trust for solar. PUC helped shape that bill so it would be rate payer supported. The resource value would be supported by rate payers. The additional value would be supported just by residential and commercial customers. There is a goal to target 75% of the program to residential and commercial projects. RNP thinks we should test this type of incentive to expand the market further.

Betsy asked if the 25MW would be first come first serve or set aside for customer types Suzanne responded that first come was the idea but the PUC may make rules that change that. It depends on the goal concept.

5. Adjournment

Betsy adjourned the meeting at 11:15 am.