Board Decision
Amending Open Solicitation Policy to Authorize Approval of Mature Technologies

May 6, 2009

Purpose

Create two tracks for project approval in the Open Solicitation program: (1) a "mature technologies" track in which the executive director could approve projects involving less than $500,000 in incentives; and (2) the current Open Solicitation process (RAC review and board approval for projects involving $50,000 or more) for other projects. Initially, only traditional hydropower projects would be included in the "mature technologies" track; the board could add new technologies later.

Background

- The Open Solicitation Program was established by the board in 2002.

- The program was based on a Renewable Energy Advisory Council ("RAC") recommendation. The Council recommended a process for considering unsolicited proposals that could:
    - be implemented quickly
    - fund good ideas that languish for want of a little push
    - fund new technologies in established applications
    - fund old technologies in new applications
    - establish an ongoing path for projects that do not fit criteria for subsequent Energy Trust programs

- Because the Open Solicitation Program was designed to deal with novel, untested project technologies and applications, projects are subject to an extensive review and approval process:
    - Projects involving incentives of $50,000 or less are approved by the executive director, with summary provided later to the board and RAC.
    - Projects entailing incentives of $50,000 to $125,000 are reviewed by the RAC and placed on a consent agenda for board action unless a member of the board asks to have the project placed on the regular agenda.
    - Projects involving incentives of more than $125,000 are reviewed by the RAC and placed on the regular agenda for board approval.

- Energy Trust now has established programs for solar and biopower, which are not required to go through the Open Solicitation Program.

Discussion

- Over the years, the renewables department has dealt with fewer unusual projects, and has focused more on replicable, scalable projects, particularly hydropower. These projects involve well-established hydropower technologies.

- Recognizing that mature technologies involve few novel issues, staff proposes that the board authorize two approval tracks
    - A "mature technologies" track: like the process for biopower, this track would allow the executive director to approve projects involving less than $500,000 in incentives. Initially, only traditional hydropower projects would be included in this track, but the board could add new technologies later.
    - For unsolicited projects that use other technologies, existing Open Solicitation procedures (RAC review and board approval) would still apply.

- Later this year, staff will recommend adding wind as a mature technology and creating a single budget for wind, hydro, and geothermal technologies. Staff will also recommend renaming the Open Solicitation Program to recognize its differentiated character.

Recommendation

Establish a second approval track for the Open Solicitation Program so that the program will have two tracks: (1) a "mature technologies" track; and (2) the current Open Solicitation process for other projects. Only traditional hydropower projects would be included in the "mature technologies" track initially.

RESOLUTION 513

ESTABLISHING TWO TRACKS FOR OPEN SOLICITATION PROGRAM PROJECT APPROVAL

WHEREAS:

1) **The Open Solicitation Program was established by the board in 2002 to deal with unusual technologies or applications; because of their novelty, these projects undergo more extensive review than established technologies and applications;**
2) **In recent years, the Open Solicitation Program has focused on more established technologies such as hydropower generation. Because these projects are relatively well understood, it is appropriate to re-configure the program to reflect different levels of review for different project types.**

Therefore, BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors:

1) **Authorizes two tracks for approval of projects within the Open Solicitation Program and not covered by other Energy Trust renewable energy programs:**

a. Mature technologies, i.e., traditional hydropower projects 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 $50,000 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 entailing incentives of $50,000 to $125,000 require review by the Renewable Advisory Council and will be placed on a consent agenda for board action unless a member of the board asks to have the project placed on the regular agenda.

iii. Projects involving incentives of more than $125,000 will be reviewed by the Renewable Advisory Council and placed on the regular agenda for board approval.

2) Replaces the current Open Solicitation Policy with this resolution.

Moved by: _____ Seconded by: _____

Vote: In favor: _____ Abstained: _____

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

EnergyTrust of Oregon

4.13.0001-A Review Process for Open Solicitation 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

[Narrative would be replaced by the narrative in the May 6, 2009 action memorandum:]

[Purpose

To clarify and establish a formal review process for renewable energy projects proposed through the Open Solicitation Program.]

[Background

The Open Solicitation Program was established following discussion by the board at its January 30, 2002, meeting.

In early 2002 the Renewable Energy Advisory Council recommended establishing a procedure for considering and funding unsolicited proposals. Their intentions included:

- Quick implementation
- Fund good ideas that languish for want of a little push
- Fund new technologies in established applications
- Fund old technologies in new applications
- Establish an ongoing path for projects that do not fit criteria for subsequent Energy Trust programs

The application form establishes both general and specific criteria for evaluation. These criteria include: location, viability, replicability, energy generation, leverage/partnership, expansion potential, market transformation, environmental benefits, best practices, education and capability expansion. Staff evaluates the proposals based on these criteria and the guidelines above. The staff review includes resource, engineering and financial data as appropriate to evaluate project feasibility and chances for success. Staff generally requests additional information for about half of the proposals received.

If the final information is complete and the proposal meets the criteria, staff calculates the above-market costs of the proposed project and compares these to the request. We use the approved methodology but also calculate alternate views of the market value of the power (if the appropriate data exist). Typically, recommendations are presented to the Renewable Energy Advisory Council for discussion. This has been presented in a structured format for larger projects and as general

conversations for smaller projects. On occasion, the council has taken straw votes to help draw wide-ranging discussions to a conclusion.]

RESOLUTION

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors authorizes two tracks for approval of projects within the Open Solicitation Program ~~hereby approves the following review and approval process for projects brought forward under the renewable energy Open Solicitation program~~:

~~1.~~1. Mature technologies, i.e., traditional hydropower projects 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.

2. Other projects:

a. Projects involving incentives of ~~proposed for~~ $50,000 or less ~~of Energy Trust funding~~ may be approved by the executive director. A summary of any such project will be provided subsequently to the board and Renewable Energy Advisory Council.

~~3.~~b. Projects ~~proposed for~~involving incentives ~~of funding~~between $50,000 and $125,000 will be placed on a consent agenda for board action~~,~~ unless a member of the board asks to have ~~a specific proposed~~the project placed on the regular agenda.

c. Projects ~~proposed for~~involving incentives of more than ~~over~~ $125,000 ~~of funding~~ will be reviewed by the Renewable Energy Advisory Council ~~presented~~ and placed ~~for board action~~ on the regular board agenda for board approval. ~~Subsequent board approval would be required if the contract implementing an approved project is over $500,000.~~

~~d.The Renewable Energy Advisory Council will review all projects over $50,000 that staff recommends for funding.~~

~~e. A summary of any project under $50,000 approved by staff will be provided subsequently to the board and RAC.~~

~~4.Projects proposed for over $125,000 of funding will be presented for board action on the regular board agenda. Subsequent board approval would be required if the contract implementing an approved project is over $500,000.~~

~~5.The Renewable Energy Advisory Council will review all projects over $50,000 that staff recommends for funding.~~

~~6.A summary of any project under $50,000 approved by staff will be provided subsequently to the board and RAC.~~

Original adopted on April 30, 2003, by the Energy Trust of Oregon, Inc., Board of Directors; amended May 6, 2009.