



Renewable Energy 2013-14 Draft Budget

October 24, 2012

2013-14 Draft Renewable Energy Budget

- 2013 Budget Themes
- Revenue/Budget Trends
- 2012 Activity Wrap Up
- 2013 Budget Allocation
- Program Work plans



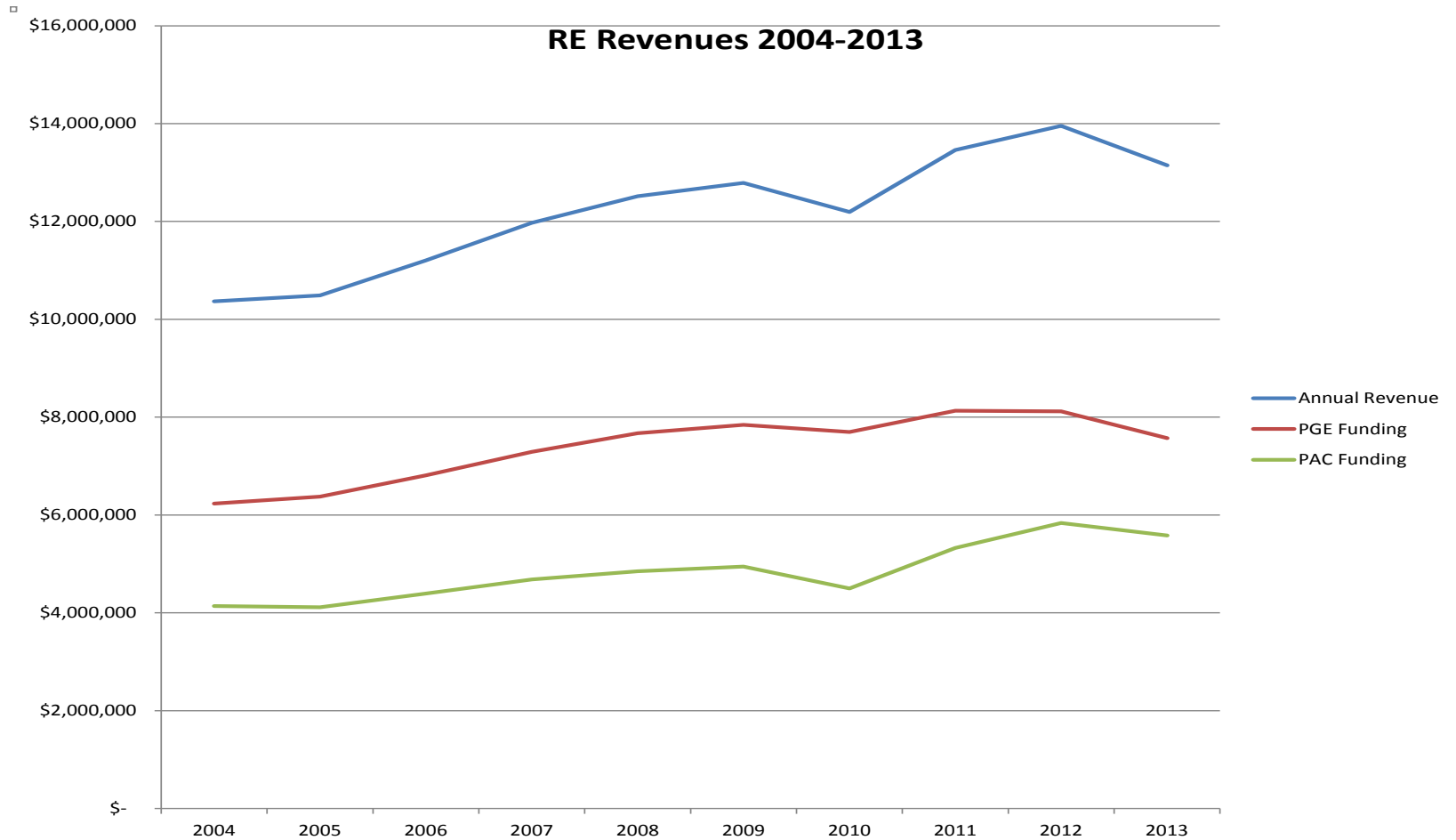
2013-14 Renewable Energy Budget Themes

1. Challenging energy markets
2. Transition to two program tracks: Custom and Standard
3. Continue Portfolio Management Approach, completing transition to funding plateau and limited state and federal incentives
4. Implement an expanded Development Assistance program
5. Implement a Solar RFP for PGE projects



Revenue Trends

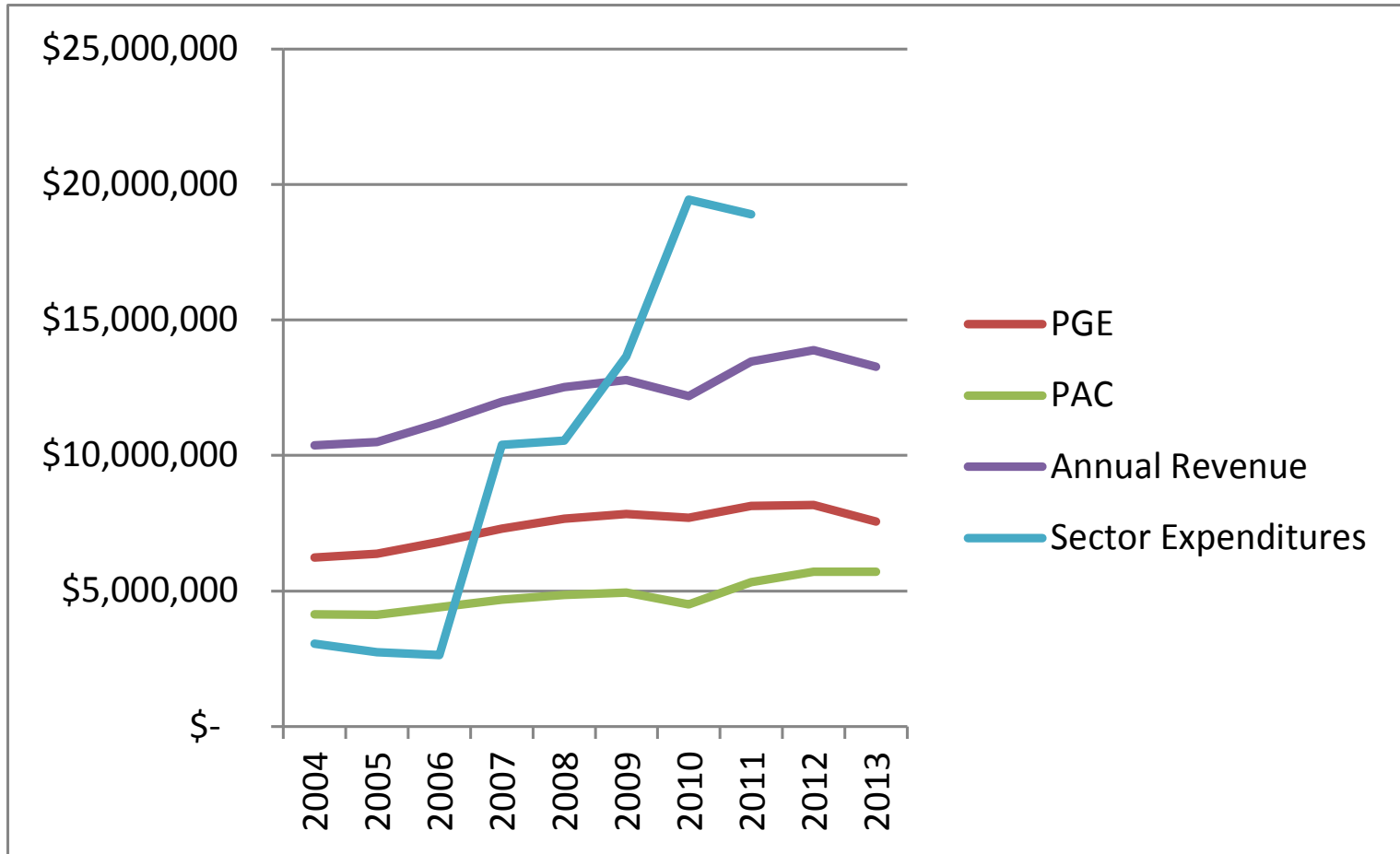
2012-2013 estimated





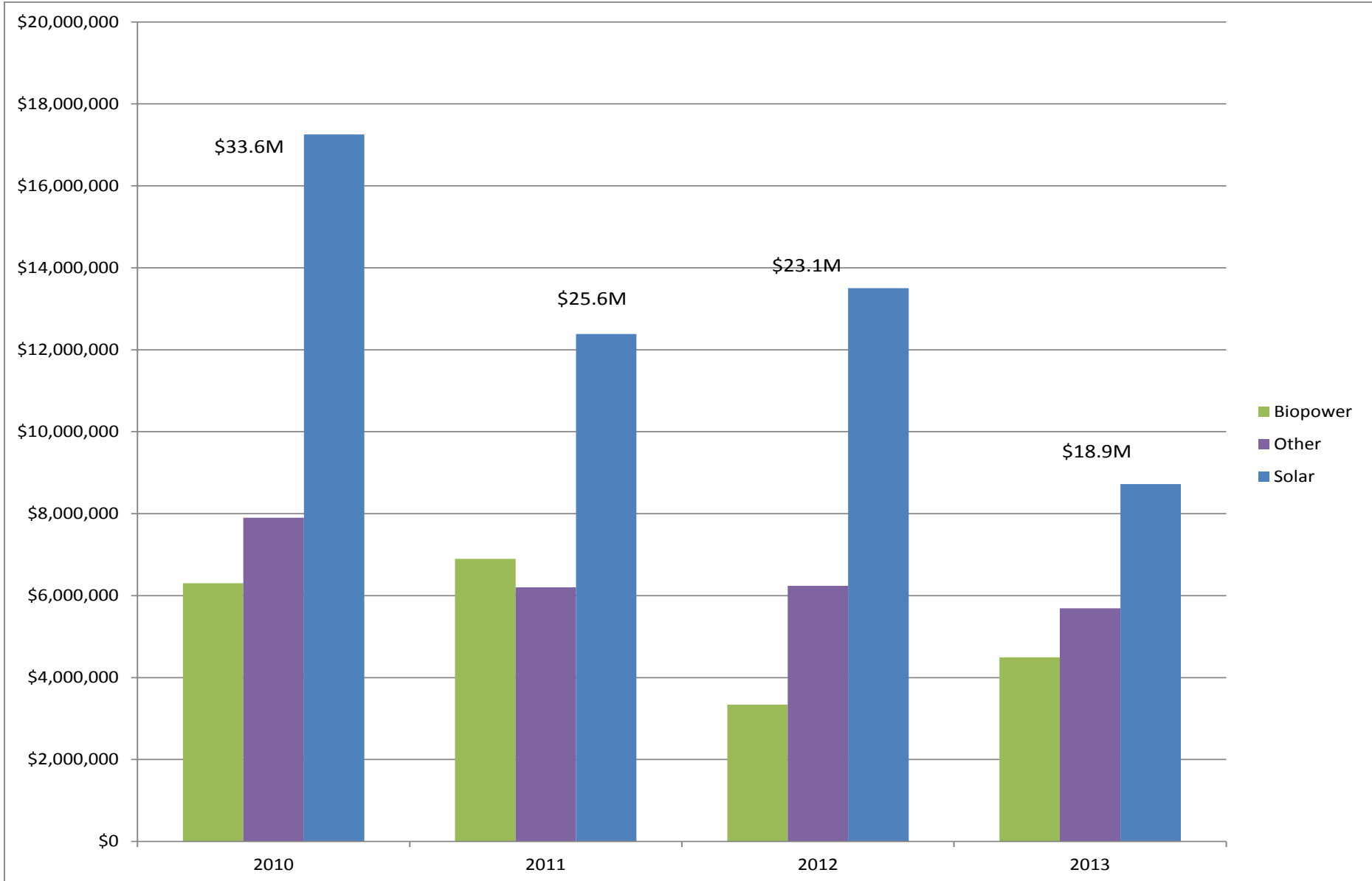
Revenue versus Expenditures

(P&L View)



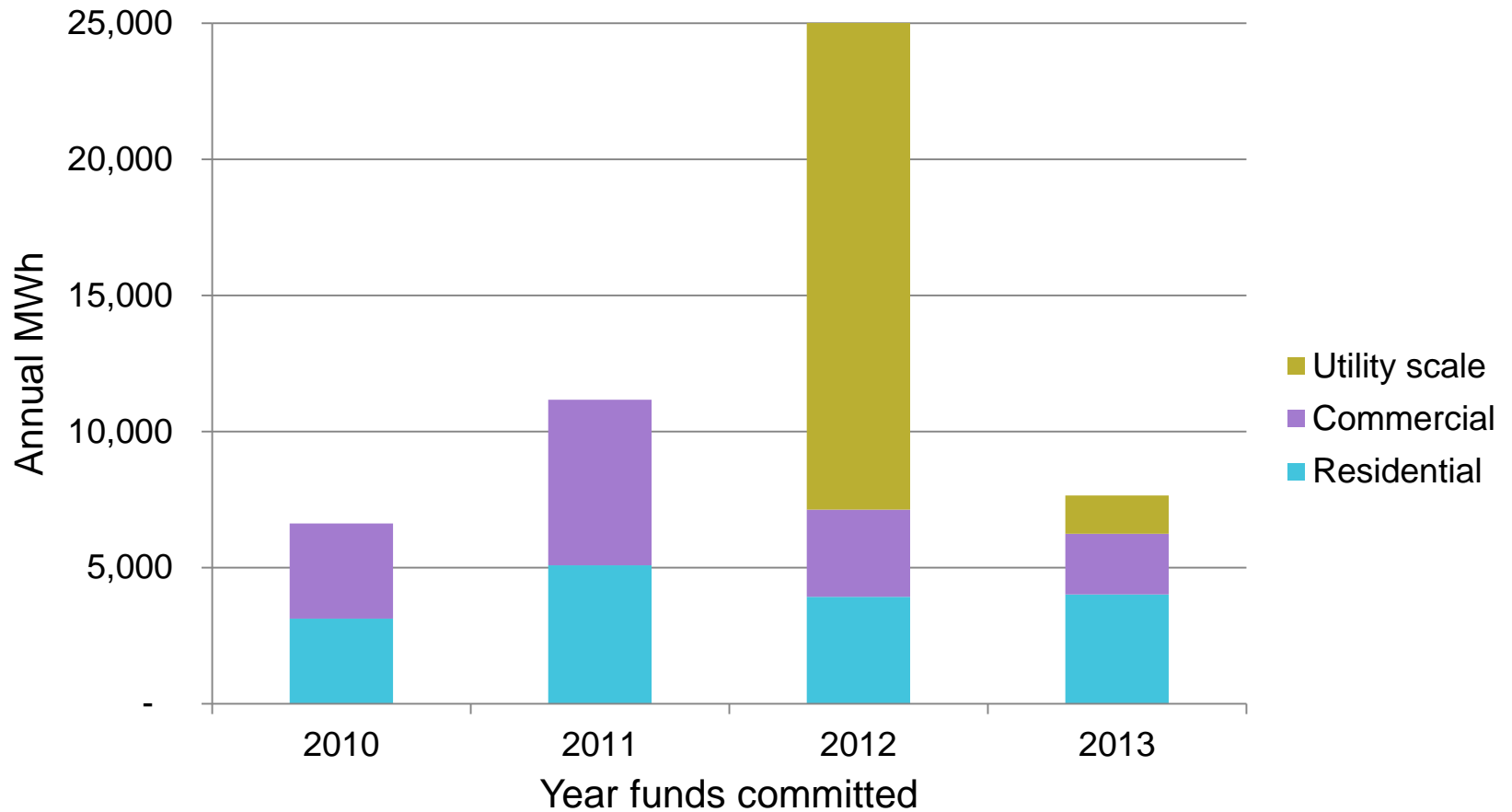


RE Activity Budget Trends





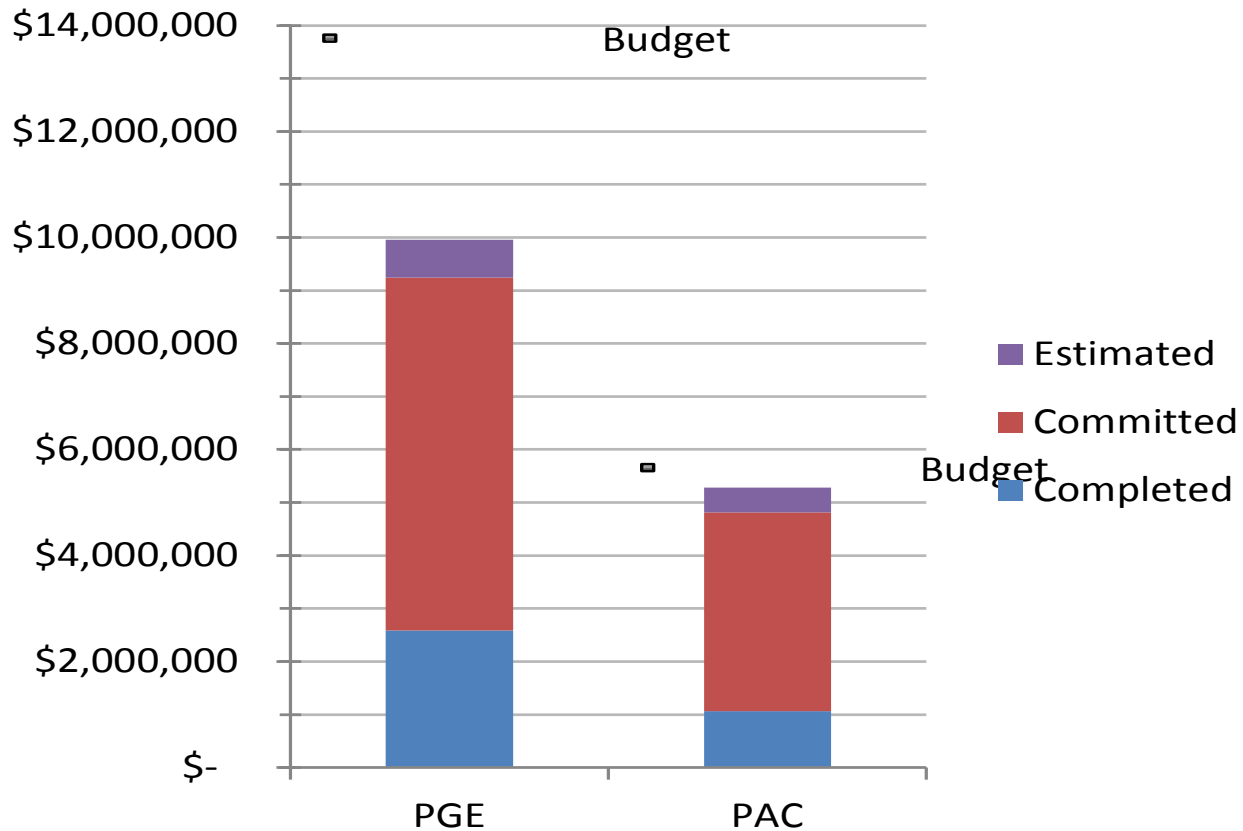
Solar generation - activity basis





2012 Results

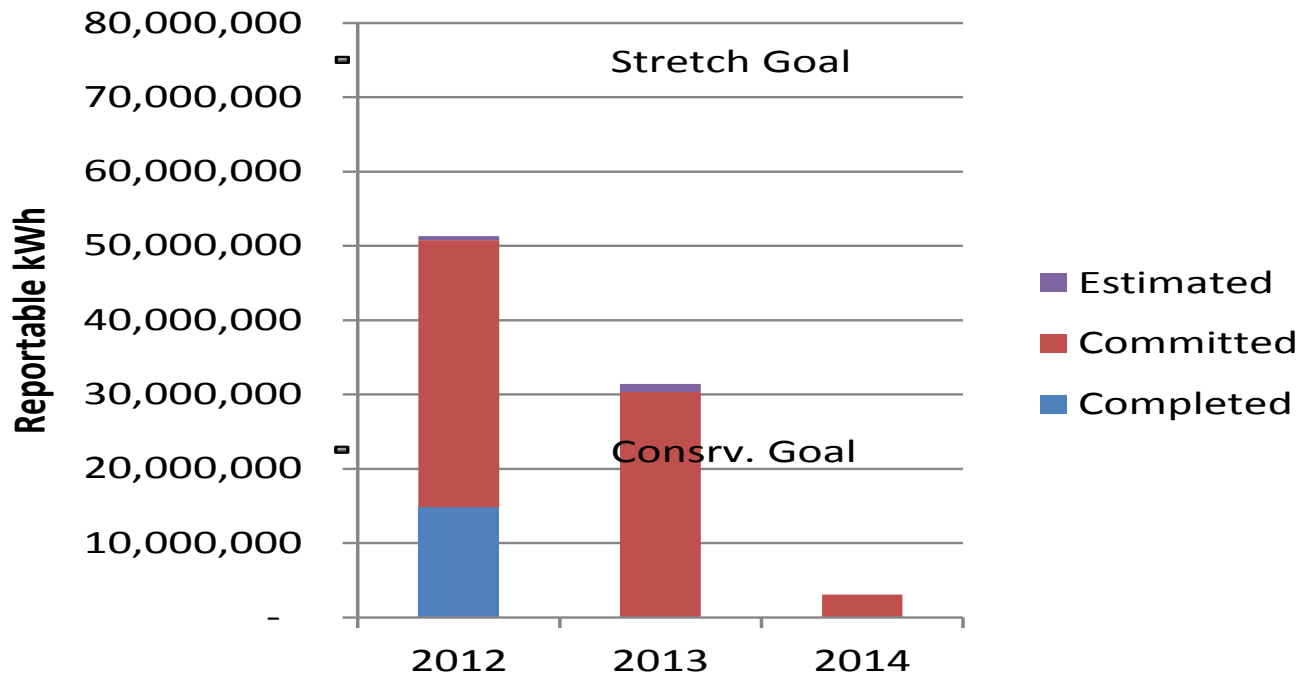
Annual Budget Utilization





2012 Generation Goals

Generation Pipeline: PGE & PacifiCorp





2013 Draft RE Funds Summary

	PGE	PAC	TOTAL
Carryover +	\$8.0M	\$9.6M	\$17.6M
New Revenues 2013	\$7.6M	\$5.6M	\$13.2M
Total Resources	\$15.6M	\$15.2M	\$30.8M
Program Expense (P&L)	\$8.4M	\$7.1M	\$15.5M
EOY Carryover (P&L)	\$7.2M	\$8.1M	\$15.3M
Committed (2013+)	\$4.8M	\$7.1M	\$11.8M
EOY Carryover (Activity)	\$2.4M	\$1.0M	\$3.4M



2013 Draft RE Activity Budget and Generation

Programs	Total costs		Range in aMW	
	\$ Million	%Total	Conservative	Best Case
Biopower	\$4.6	24	1.12	1.78
Other Renewables	\$5.6	30	0.45	0.86
Solar Electric	\$8.6	46	0.56	0.94
Total Renewable Energy	\$18.8	100%	2.13	3.58



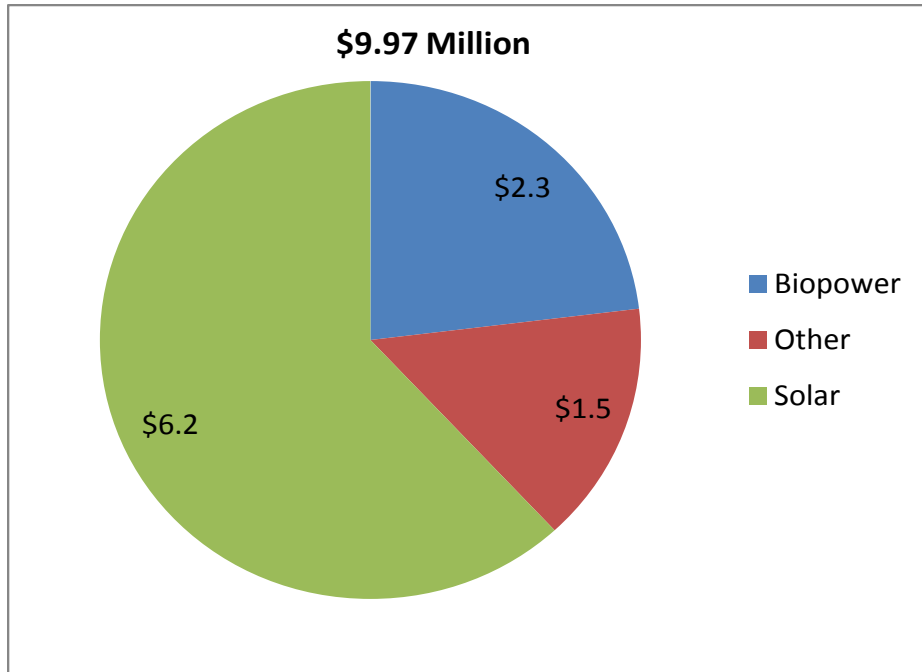
2013 Draft RE Activity Budget and Generation Versus 2012

Programs	Total Budget 2013	aMW	Total Budget 2012 *	
	\$M	Range	\$M	aMW
Biopower	4.6	1.12-1.78	3.3	2.2
Other Renewables	5.6	0.45-0.86	6.2	0.4
Solar Electric	8.6	0.56-0.94	13.5	3.2
Totals	\$18.8	2.13-3.58	23.1	5.8

*activity estimates include a few large commitments yet to be completed!

2013 Draft RE Activity Budget

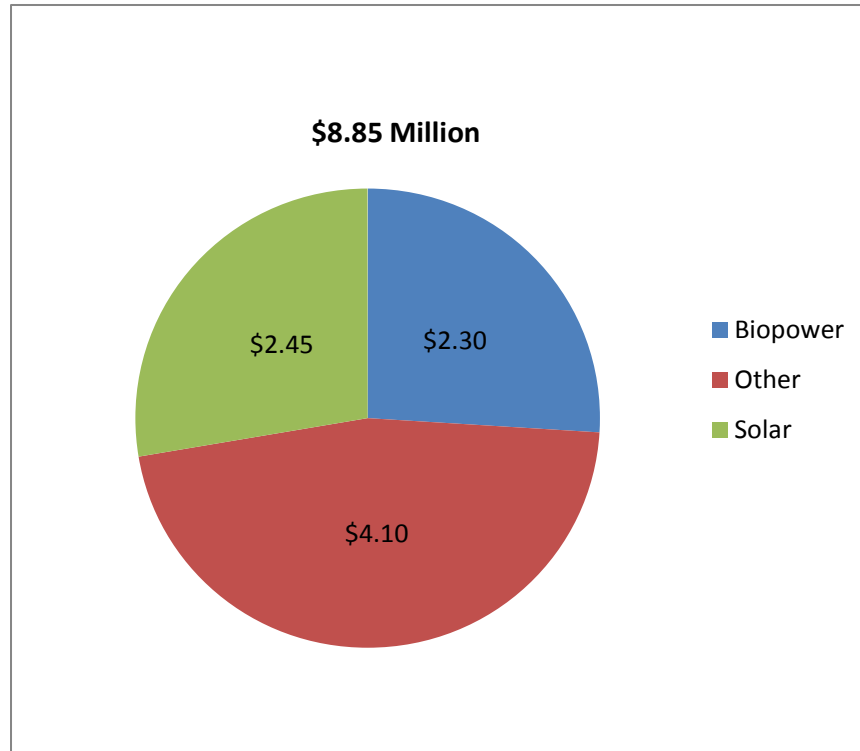
PGE



	\$M	%	aMW	
Biopower	\$2.3	23%	0.8	1.1
Other RE	\$1.5	15%	0.1	0.1
Solar	\$6.17	62%	0.4	0.7
Total	\$9.97	100%	1.3	1.9

- Heavily weighted to solar but still provides room for custom programs to commit to projects (WWTP, small wind, municipal hydro in pipeline)
- Draft includes large scale solar RFP
- Dollars available for competitive Development Assistance

2013 Draft RE Activity Budget Pacific Power



	\$M	%	aMW	
Biopower	\$2.3	26%	0.3	0.7
Other RE	\$4.1	46%	0.4	0.8
Solar	\$2.45	28%	0.2	0.3
Total	\$8.85	100%	0.9	1.8

- Plan to need to compete custom projects, focus on project and market development assistance
- Standard solar incentive reduced by 50% from 2011 incentives



2013 Draft RE Activity Budget

Custom RE Issues

Challenges:

- Reduced availability of tax credits has weakened the market overall.
- Low QF rates have further weakened the QF market.
- Lingering problems in the small wind market due to ‘less-than-perfect’ projects.



2013 Draft RE Activity Budget

Custom RE Issues

Strategies:

- Shift focus to finding smaller projects able to offset retail rates.
- Increase outreach to find customers with non-financial reasons for developing projects
- Expand development assistance funding to build a pipeline of projects
- Expand marketing for small wind
- Targeted outreach effort to municipal water purveyors and irrigation districts



2013 Draft RE Activity Budget

Solar Issues

Strategies:

- Maintain steady incentive levels if possible
- Foster strong residential market, leveraging RETC and third party ownership
- Build commercial/industrial pipeline – use EE channels, add project development assistance
- Increase marketing and outreach
- Encourage cost reductions in delivery channel
- Track 2013 legislation
- Deploy extra PGE funds through solar RFP



Project Development Assistance proposal October 24, 2012



In our last episode...two years ago

Four scenarios presented to RAC for addressing reduced dollars:

1. Maximize generation. Only fund technologies with least incentive cost per aMW.
2. Focus on early stage assistance across technologies.
3. Limit number of technologies supported. Fully support two to three technologies vs. the current five.
4. Support onsite generation only. Most QFs would be excluded.



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Rationale

- No one else is able to assist projects and markets at this stage of development.
- Gap in the market for resource identification and broader market development assistance.
- With the scale of funding we have available, we can impact this area across technologies and still support standard solar and some larger projects
- Allows us to support the range of technologies we have in Oregon – gives each a chance to gain momentum
- We'll bring better projects to the market potentially for others to support.



Uses for Project Development Assistance dollars (PDA)

Feasibility studies

Permitting

Interconnect'n studies

Resource Assessments

Engineering

Grant-writing



Current PDA policies

- ~\$40,000 cap – helps limit our risk
- 50% cost-share
- Payback provisions if project sells to non-ETO utility
- No payback requirement if project fails to happen
- Non-competitive – staff judgment; we refuse some proposals

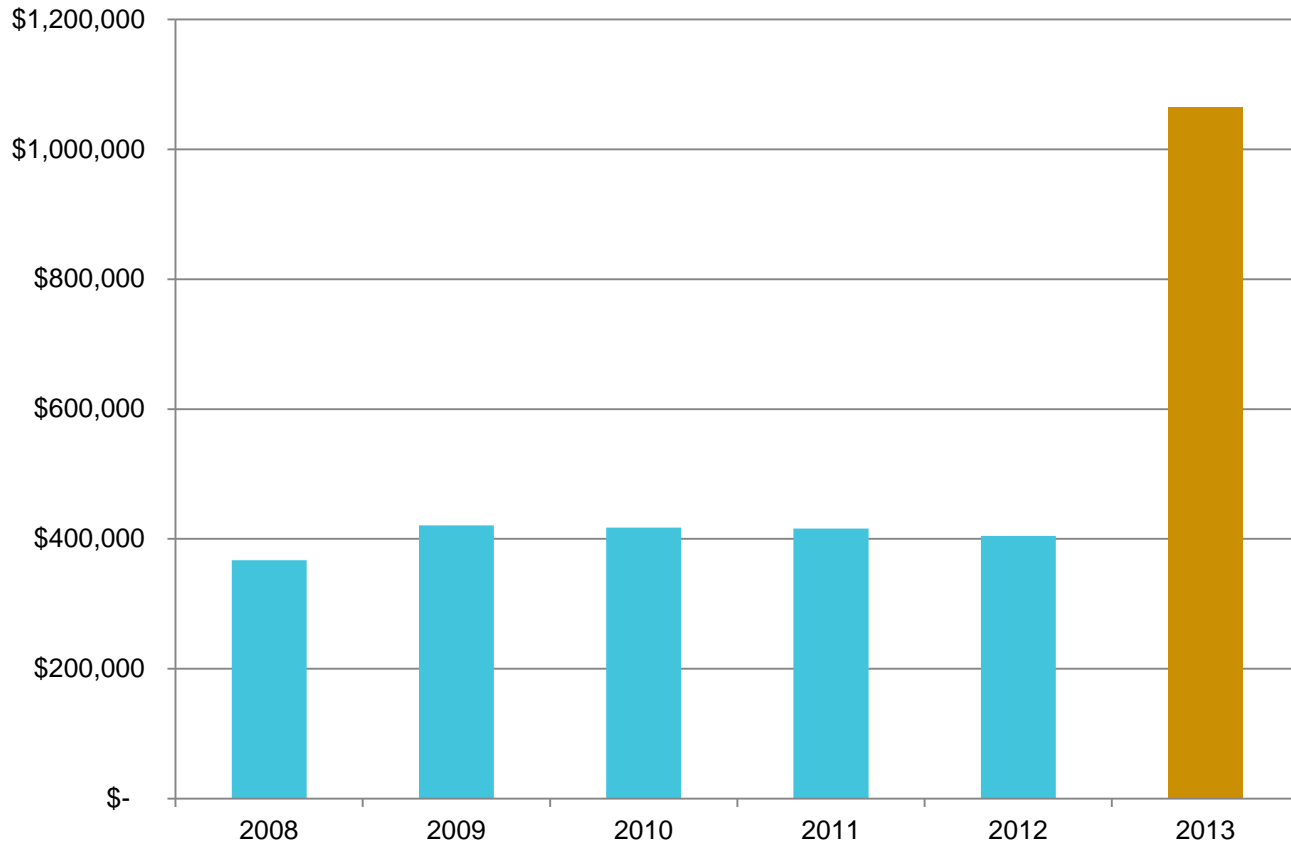


Proposal for 2013

- Continue current system with \$265,000
- Add a new PDA program:
 - Increase cap to \$150,000 per project
 - \$400,000 available per utility -- \$800,000 total
 - Distribute funds through a competitive process – helps reduce risk

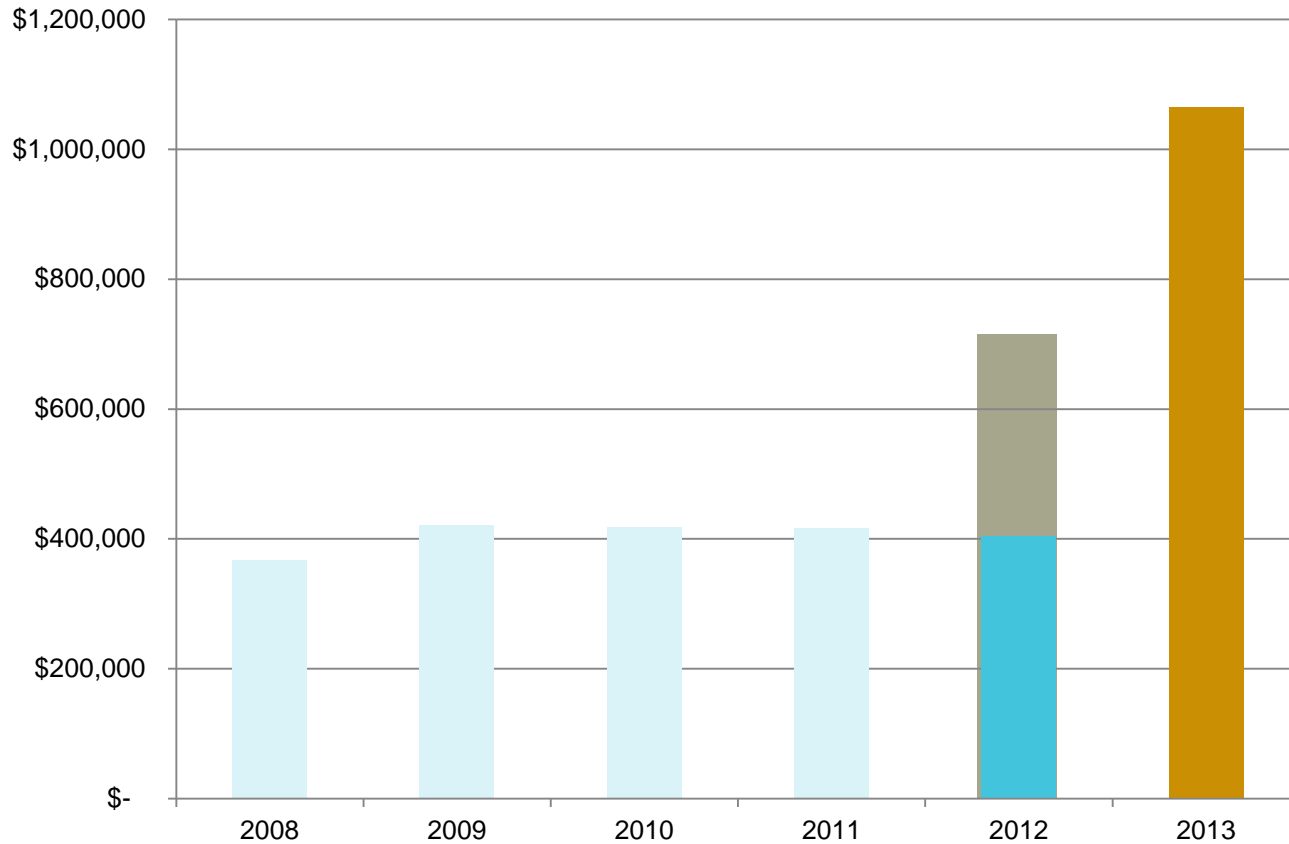


PDA by year (bio, hydro, geo, wind)

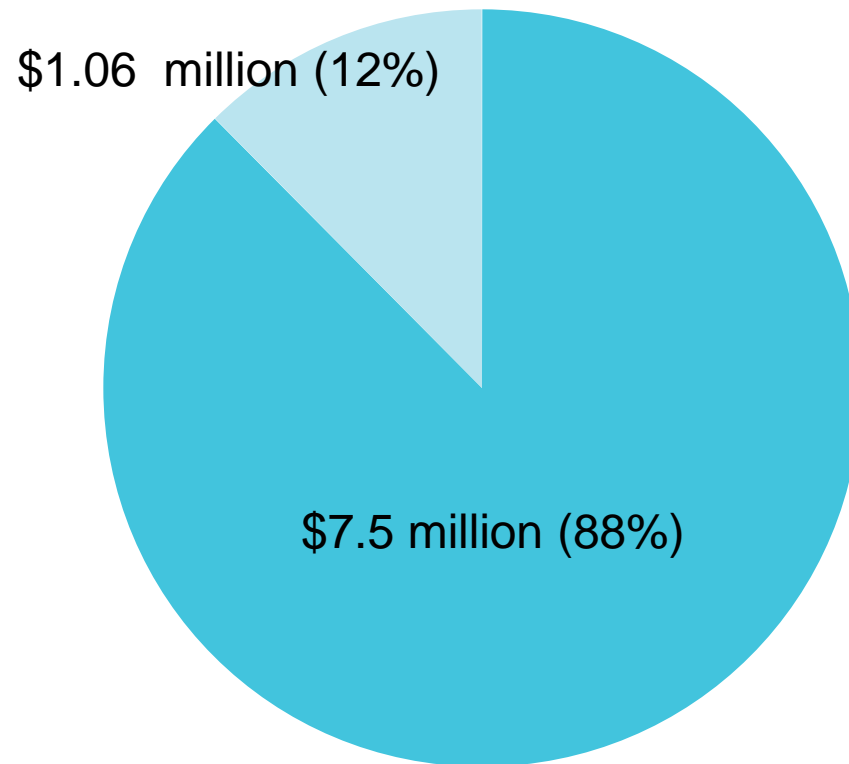




PDA by year (bio, hydro, geo, wind)



PDA as percentage of incentive budget





Draft proposal

- \$150,000 maximum per project
- Twice-yearly solicitation
- Hydro, geothermal, bio
- Wind over 250 kW
- Criteria for competitive process
 - Maturity of project proposal; i.e. Projects closer to construction are favored
 - Chances for success
 - When possible, fund a range of technologies



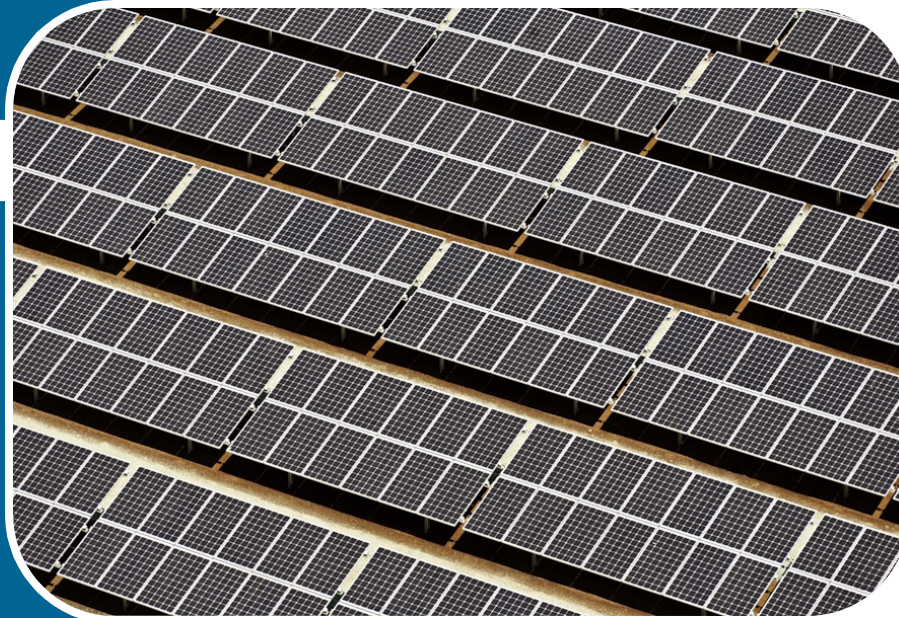
Draft proposal (cont.)

- Projects must present a plan for utilization of funds
- Dollars would be deployed over time as project moves forward through an agreed-upon set of milestones.
- Require 50% cost-share (allow 12.5% in-kind)
- Continue key current protocols:
 - Reimbursement basis – project must be able to front the costs for PDA activities
 - For the same purposes as current PDA



Give us your feedback





Custom Solar RFP concept

October 24, 2012

Kacia Brockman



Options for available PGE funds

- Non-solar RE technologies
 - Lack of project opportunities
- Standard solar program
 - Avoid boom/bust cycles
- Custom solar project incentives
 - Existing pipeline of >1 potential projects: RFP



Amount available for RFP

- \$1 million budgeted
- Finalize amount in November after next 2013 budget and 2012 spending forecast



Goals of custom solar RFP

- Best use of PGE funds
- Near-term generation
- Post-BETC market intelligence:
 - market opportunities for commercial/utility solar
 - project cost, incentive required



Current standard incentives (PGE)

	Incentive rate	Incentive cap	Incentive cost per aMW
Residential	\$0.75	\$5,000	\$7.3M
Commercial	\$1.00	\$75,000	\$8.8M
Outback (with BETC)			\$4.4M
100% of small commercial above market cost (no BETC)			Up to \$14M



Open to all market opportunities

- Net metered; QF; negotiated PPA
- Commercial-scale; utility-scale
- Single site; aggregated capacity at several
- Roof-mount; ground-mount
- Technology neutral
- Owner/operator neutral
- Financial structure neutral
- In PGE territory; wheeled



Threshold criteria

1. Qualified team
2. Site control
3. Business plan with pro forma
4. Construction begin in 2013
5. Interconnection scoping in process
6. Permitting in process



Selection criteria

- 1. Incentive per aMW**
- 2. Levelized above market cost (\$/MWh)**
3. Innovation, market development
4. Business model replication
5. Risk mitigation
6. Leveraging outside funds
7. Societal benefit
8. Located in PGE territory



Other requirements

- 20-25 year life
- Performance guarantee
- Energy Trust REC ownership per policy
- Energy Trust installation standards met
- Energy Trust solar trade ally used



Questions to consider

- Projects with Oregon BETC or Renewable Energy Development Grant eligible?
 - Not eligible in standard program
- Minimum size or minimum funding request?
 - Standard incentive capped at 75 kW
- Preference for one large vs. several small?



Timing (ideal)

Nov: Finalize funding amount

Dec: 2013 budget approved

Jan: Issue RFP

Feb: Submittal deadline

Mar 13: Present selected projects to RAC

April 3: Board approval for incentive (next board meeting May 22)

Apr/May: Contracting