

RENEWABLE ENERGY ADVISORY COUNCIL

Notes from meeting on November 28, 2012

Attending from the council:

Suzanne Leta Liou, Akins North America
Juliet Johnson, OPUC
Bruce Barney, PGE
Tashiana Wangler, Pacific Power
Dick Wanderscheid, BEF
Robert Grott, NEBC
Joe Eberhardt, PGE

Attending from Energy Trust:

Kacia Brockman
Betsy Kauffman
Peter West
Sue Meyer Sample
Jed Jorgensen
Sue Fletcher
Thad Roth

Fred Gordon
Elaine Prause
Pete Gibson
Lizzie Rubado
Chris Dearth
Rob Del Mar
Dave McClelland
John Volkman
Hannah Hacker

Others attending:

Terrance Meyer, ODOE
Matt Hale, ODOE
Paul Zollner, ODOE
Eric Anderson, Pacific Power
Jeff Bissonnette, CUB

1. Welcome and introductions

Betsy Kauffman called the meeting to order at 9:30 a.m. No adjustments to the notes from October were suggested. The notes were approved. The meeting agenda and presentation materials are available on Energy Trust's website at www.energytrust.org/About/public-meetings/REACouncil.aspx.

Betsy announced that the position that was vacated by Thad Roth has been filled. Dave Moldal will be filling that position and has experience in wind development. He will be working primarily on biopower and will be able to work across all technologies.

Betsy explained Energy Trust had an Request for Proposals, RFP, this fall in Pacific Power territory for \$2.8 million. The response to the RFP was low and no funds were awarded. The status of the Production Tax Credit, PTC, and Investment Tax Credit, ITC, were a factor, with applicants deciding to wait for both to sort out. The applicant that did apply did not meet a requirement of the RFP, which was to begin construction within 12 months. These funds will roll into next year.

Matt: How low was the response?

Thad: We received one application. Applicants that we expected to apply did not apply. We expect better preparedness from the market in Quarter 1 of 2013 and a better understanding of the PTC. This RFP was limited to non-solar. We also required that the projects be under construction within one year.

Robert: This RFP allowed you to develop a model for moving forward.

Thad: Yes, there were benefits to undertaking this RFP.

Matt: Do you anticipate competitive RFPs for PGE and Pacific Power next year?

Thad: Right now we only have one planned for Pacific Power. We expect a competitive process for PGE by the end of 2013. We do expect an RFP for solar projects that fall outside our standard process.

Suzanne: Will solar be part of the RFP next time?

Thad: We haven't made that decision yet. Our priority is that we fund all technologies through the budget. On the solar side our approach is to fund through our standard program unless we are unable to fund other technologies. We want to give the non-solar technologies the opportunity to respond to these funding opportunities.

2. Final 2013-2014 budget presentation

Thad Roth presented. Between round one and round two of the budget process, the total renewable energy budget for 2013 increased \$300,000. The main themes for the 2013 budget are challenging energy markets, transitioning to two program tracks: custom and standard, continuing a portfolio management approach, implementing an expanded development assistance program and implementing a solar RFP for PGE projects.

The 2012 budget is wrapping up and the sector expects to bring on-line 5.88 average megawatts, aMW. There is one project that isn't commercially operational yet but it is expected to come on-line in the next few weeks.

The 2013 budget is \$19.1 million. This results in \$10.8 million for PGE and \$8.3 million for Pacific Power. The budget is split equally between funding custom projects and solar projects. This budget will yield between 2 to 3.5 aMW in generation.

As compared to 2012, The Solar program's portion of the budget is decreasing from \$13.5 million to \$9.3 million. The solar incentives have been reduced and we are getting the same amount of resource at a lower cost, driven by the lower cost of equipment. The declining budget availability is contributing to the decline in spending on the solar side.

For PGE customers this is a \$10.8 million budget for 2013. The budget is weighted to solar and includes funding for custom projects. Three projects will submit funding applications in the next quarter and we have budgeted for those projects. There will be a \$1 million solar RFP and dollars are included for competitive development assistance.

For Pacific Power customers this amounts to an \$8.3 million budget for 2013. This budget continues the competitive process for custom projects. It includes dollars for competitive project development assistance and maintains a viable solar budget. This budget anticipates another competitive RFP in the first quarter of 2013.

Terrance: How do you allocate resources; what are the metrics or factors?

Thad: Our portfolio management approach has been endorsed by the Renewable Energy Advisory Council and the board of Directors. This is the first metric I would point to. This approach allows us to support a range of generation technologies through the budget. Then we look at what resources are available for each utility.

Tashiana: Jed presented in the past on the barriers to small hydropower related to fish passage. What is the status of this barrier?

Jed: The Governor's office had a working group assigned to this issue. The group hasn't yet arrived at a viable solution. Work is continuing on this issue. There may be some different legislative ideas that come up in the next session. It impacts some of our pipeline but not all. Some systems can work around this issue. It is an issue and it blocks some projects.

Thad: All projects have to deal with fish passage. For some projects this issue is bigger. This is why we support a range of technologies because issues do come up.

Suzanne: Are there other technologies that have similar challenges?

Thad: Woody biomass is similar. The air quality permitting is more challenging today than it was 10 years ago. The rules have changed and new permitting challenges arise. It may or may not impact the development costs.

Betsy: Geothermal projects have run into water resource challenges. Agency staff need to review the projects and that can take time.

Juliet: Is the RFP dissuading potential applicants from proposing projects? How much effort does it take to do the RFP? Is it the right concept? Are we gaining anything from the RFP?

Thad: We have a first-come, first-served approach with PGE so we can compare. In Pacific Power territory we are always prospecting. We encourage potential applicants to apply and give us as much information as they are willing to share. We take applications at any time, but the funds are based on a competitive process. The challenge to filling out the application is the same regardless of the process. Our challenge is finding the projects and getting enough information to evaluate. The benefit of the RFP is sending a message to the market that we are looking for good projects. It is a signal to the market.

Thad: Next year we are going to spend \$19 million because we have some carryover funds but we are only expecting \$13 million in new revenue. The question for us is how best to allocate dollars and expand impact given declining resources.

Robert: Can you clarify the difference between budget and actual?

Thad: Each year we get between \$13 million and \$14 million. In the early years we had carry-over dollars. Going forward, in 2014, we will be relying on annual revenue without any accumulated resources.

Suzanne: There is a big difference in generation between 2012 and 2013. What are our goals currently?

Thad: Due to the reduction in the Business Energy Tax Credit, we did some analysis and it became clear that we would need to invest more to move projects forward. The OPUC eliminated generation as a performance measure for 2012. We have new draft performance measures that will hopefully come to the council at the next meeting. The performance metric had been a rolling average of 3 aMW over a three-year period.

Juliet: That is correct. The 3 aMW metric was created when there were utility-scale projects. The Business Energy Tax Credit changes prompted us to re-examine this metric.

Suzanne: This budget is tied to the 3 aMW metric. Will it need to change?

Juliet: No.

Tashiana: Did the Pacific Power budget include the \$2.8 million roll over from the last RFP?

Thad: Yes.

3. Early stage project assistance

Betsy presented. A briefing paper was provided to council members on the results of early stage project assistance. Over the last five years, 107 projects have received early stage project assistance from Energy Trust. This does not include more than 50 small wind and small solar projects that received help with grant writing or other similar efforts. We chose not to include those because the dollar amount was so small and the volume high. It would have skewed the results.

The results of the 107 projects were examined and each was classified as being a completed project, a project still in the development pipeline, a project found as technically or financially infeasible, or other, such as a regional feedstock analysis not tied to a specific project. Financially infeasible means that the payback period was determined to be too long. All of these studies are cost-shared with the participant.

Suzanne: Does in the pipeline mean that they have passed the technical and financial feasibility hurdle?

Betsy: Yes.

Betsy continued. The breakdown was 17 percent classified as completed projects, 33 percent in pipeline, 40 percent infeasible and the remainder as "other." Of the dollars spent, projects in the pipeline received the most, followed by the infeasible classification, then completed projects, then other.

Paul: Did you break out the technically and financially infeasible groups?

Betsy: No, that is not really possible to do in many cases.

Betsy continued. We talked to Business Oregon to get a comparison of its results to Energy Trust's results. Business Oregon's results were similar with the greatest percentage, 45 percent, going to the similar category for infeasible.

Robert: I know the goal is to drive your pipeline, but I would say that there is value in the infeasible projects.

Betsy: Yes. They have learned that they can't move forward and as a result those dollars can be moved somewhere else. All of these help us learn. We have spent \$1.8 million, or 2 percent of our budget, over this five-year period on project development assistance.

Matt: Would you be interested in Community Renewable Energy Feasibility Fund, CREFF, results?

Betsy: Yes, and I have talked with Rebecca O'Neil about those results.

Suzanne: Is CREFF still in existence?

Terrance: Yes, but not funded currently.

Bruce: Are these studies in the public domain?

Betsy: Yes and no, depending on who we did the study with. If it was a public entity it may be available. There are some confidentiality issues. When we fund a study Energy Trust requires that we be able to see it. Sometimes we cannot share the findings because it would harm the developer's ability to proceed. What we learn helps us in program design.

Thad: Sometimes a summary of the results can be distributed.

Peter: Do you have a list of what you could make available?

Betsy: We would have to check contracts for each one. If there is interest we could figure it out.

Juliet: How can we best share what is learned? Making this information available could have benefit. The OPUC likes to leverage ratepayer dollars.

Thad: Almost all of the work that we do in the public sector is publicly available. We typically send interested parties to the project owners. I like the idea of posting annual results with summaries.

Betsy: At least half are done with public agencies and could be accessible to the public.

Bruce: If I was a developer, I think that I would find value in seeing an abstract of the study.

Betsy: This is an interesting thought.

Suzanne: I agree and see value to Energy Trust in the long-term.

Bruce: I am concerned about the in the pipeline category. I am concerned that these are really infeasible. Will these really move forward?

Terrance: We have been having these discussions with the Department of Energy.

Peter: This is a snap shot at one time. Pipeline projects may change categories. Projects move in and out of the pipeline category.

Joe Eberhardt: The information that we share should be slanted toward completed projects.

Suzanne: I like the idea of summary results being shared, particularly for the infeasible results.

Fred: I am trying to understand this. Are you looking for lessons learned? Does this information get conveyed through these abstracts or summaries?

Bruce: I think that there are a lot of common elements that would carry over from one project to another.

Jed: I want to clarify that not everything we are talking about with development assistance funds is a feasibility study. We also help projects with permitting, interconnection assistance and other development tasks. Those things wouldn't make sense to share.

Betsy: In the future, as we move forward with a competitive development assistance offer, we will be applying these funds after a feasibility screen. Much of what we will be funding will not be studies.

Betsy continued the presentation. 2013 is an increase in project development assistance over previous years. For 2013 it will account for 13 percent of the total incentive budget. As a percentage of the renewable energy total budget it is 6 percent.

Thad: The dollars that we have allocated to provide this comprehensive development assistance, if there isn't market demand, will go back to incentives. We will make these dollars available early in the year so that we can reapply the funds if there isn't interest.

Matt: You didn't spend all of this year's funds, do you expect to next year?

Betsy: We are capped currently on the amount of assistance. We are proposing removing the cap next year for this group of competitive funds. This is part of the reason why we are competing the funds; we also want to get the best projects.

Suzanne: You are reserving a portion for projects that aren't competing?

Betsy: Yes, these are for the small financial requests.

Suzanne: Do you have standards for this group?

Thad: Yes. We are creating a new group of competitive project development assistance funds, the other group remains with standards in place. In this environment we are hoping to participate in the development of more projects than a single incentive could allow. We are focusing our dollars to get more projects moving toward potential financing.

Suzanne: Can you provide the breakdown between the two groups?

Betsy: There is \$1 million total, \$800,000 for the larger competitive funds. We can move dollars around.

Dick: Can a project approach you twice? Non-competitively and competitively?

Betsy: Yes that is the plan. It is unlikely that we would be committing larger dollars to projects that haven't done a feasibility study. These dollars might also have a milestone requirement for funding. Both groups still need to be cost-shared.

Bruce: What are the caps on these new funds?

Thad: For the competitive funds it is \$150,000 right now.

4. Preview of 2013 legislative session

John Audley from Renewable Northwest Project, RNP, and Jeff Bissonette from the Citizens' Utility Board of Oregon were scheduled to give a preview of the session. John was unable to attend the meeting and deliver his presentation. Council members and guests held an open discussion about the 2013 legislative session until Jeff Bissonette arrived partway through the discussion.

Terrance: RNP and Oregon Solar Energy Industries Association are working on a concept to improve net metering. This is seen as a starting place and will address current issues with net metering including the current cap, roll-over issues and other clean up items, like disconnect switches. There is a community net-metering bill in the works. The legislative concept is to allow people in a local area to share the output of a community net-metering facility. They would pool resources and receive benefit. We see this as a way to allow the 70 percent of Oregonians who can't take advantage of solar to participate in net metering. It will also address security issues that have challenged communities. Participants would be more or less fed by the same substation. The size would be the same as net metering. The intention is for it to apply to all large utilities and be optional for the rest. PGE, Pacific Power and Eugene Water and Electric Board would be involved.

Jed: Does the generation have to be sited within the same substation distribution system as the participants?

Terrance: Yes.

Robert: Have we heard about the status of the Governor's 10-Year Energy Plan?

Matt: The latest that we have heard is that it will be out shortly.

Jeff Bissonette: The community net-metering bill will be challenging. The general approach is that the rules that the investor-owned utilities, IOU, operate under are good and that the IOU rules should be statewide policy so that all Oregonians have access.

Jeff continued. There is an effort underway to find some sort of small suite of bills about solar. This is coming from concern about what happens after the feed-in tariff runs out. Net metering will be a part of that.

Oregonians for Renewable Energy Policy has an enhanced feed-in tariff concept that would result in 500 MW by some point in the future.

There is going to be siting related concepts coming out of the Governor's 10-year plan. These concepts will be carried by Rep. Huffman from Hood River.

As a result of the elections the senate has a slightly more republican conservative caucus and the house is now majority democrats. Rep. Bailey will likely continue to chair

the energy committee. Sen. Dingfelder will chair the energy and environment committee on the senate side.

Tashiana: The siting concept came out of the Governor's 10-Year Energy Plan. There are two big picture ideas. One is that the state would map the areas of the state that are better suited for energy development. It would likely be a mapping east of the Cascades to start. The second idea is a mitigation banking idea that would allow a project facing difficulty in development to mitigate in other areas. They had a legislative concept out a month ago that still needed work. A second legislative concept proposed a study on how to make the siting process more efficient. There is some discussion of merging the concepts, and whether there needs to be a study.

Bruce: PGE is looking at community solar. We believe that we have found a way to offer benefits to other customers from a large solar installation. We need approvals from senior management in the next month or two. We are also looking at an alternative for when the feed-in tariff expires. This feed-in tariff would be a little different. We are gathering feedback now. We want something that works a little better for us.

Jeff: The session starts in early February. There are legislative days in Salem December 10, 11 and 12.

5. Public comment

There was no public comment.

6. Meeting adjournment

Betsy thanked all council members for their participation and adjourned the meeting at 11:35 a.m. The next full council meeting is March 13, 2013.