



Renewable Energy Advisory Council Meeting Notes

March 12, 2014

Attending from the council:

Frank Vignola, University of Oregon
Dick Wanderscheid, Bonneville
Environmental Foundation
Matt Krumenauer, Oregon Department of
Energy
Tashiana Wangler, Pacific Power
Jimmy Lindsey, Renewable Northwest
Project

Dave McClelland
Dave Moldal
Matt Getchell
Elaine Prause
Chris Dearth
Fred Gordon
Debbie Menashe
Shelly Carlton

Attending from Energy Trust:

Jed Jorgensen
Betsy Kauffman
Thad Roth
Gayle Roughton
Jennifer Hall

Others attending:

John Reynolds, Energy Trust
Board, University of Oregon
Wendy Koelfgen, Clean Energy Works
Juliet Johnson, Oregon Public Utility
Commission

1. Welcome and introductions

Betsy Kauffman called the meeting to order at 9:30 a.m. and reviewed the agenda. The minutes from the February meeting were approved. The agenda, notes and presented materials are available on Energy Trust's website at www.energytrust.org/About/public/meetings/REACouncil.aspx.

2. Energy Trust Strategic Plan update

Every five years, Energy Trust engages in a strategic planning process. Betsy described the purpose of a strategic plan and the development stage for the draft 2015-2019 plan: There are questions and opportunities Energy Trust can address, and the plan is a foundational document on strategies to answer those questions and reach those opportunities. Currently, staff is in the strategic issue identification phase for the 2015-2019 strategic plan, and creating a set of renewable energy strategic questions. The purpose of the meeting today is to give the Renewable Energy Advisory Council an opportunity to provide feedback on whether staff is asking the right questions and proposing appropriate response strategies.

There was discussion regarding the overall organization of renewable and efficiency programs. The Energy Trust Strategic Plan will be high-level, while the Renewable Sector Strategic Plan will be a tactical implementation of the overall plan at the renewable energy program and sector level.

The total 2014 annual Energy Trust budget was clarified as being \$163 million, with 87 percent dedicated to energy efficiency programs, 9 percent to renewable energy programs and the rest to management, general, communications and customer service. The budget includes funding

from SB 1149, SB 838 and contracts with gas utilities. The renewable energy sector receives funding only through SB 1149.

Betsy reviewed the draft strategic plan questions about the sector's current approach (supporting early stage development and a range of technologies, and supporting only proven technologies), approaches to planning and strategy (strategy and approach for any one technology, measuring success, and taking better advantage of other environmental efforts in the state), and whether or not Energy Trust should take a larger role in articulating the vision for distributed generation and a clean energy future in Oregon.

Betsy asked the group if anything is missing from this list of questions.

Matt Krumenauer: How does the Energy Trust renewable generation goal align with the utility IRPs? Is there a straight-line alignment?

Peter West: The 15 average megawatt number for the next five years seems like a stretch goal.

Elaine Prause: We assumed 3 aMW per year for the next five years as a placeholder to start. We'll adjust that number as the plan is developed.

Thad Roth: The numbers were more aggressive in the previous plan. There is still uncertainty about resources. Three aMW was normal for the previous five years, but we are not expecting the same level in the future because of reduced federal tax incentives.

Peter: Let's not fixate on 3 aMW. A lot has changed. The aMW goal is a product of many factors.

Betsy: In thinking about an aMW goal, what factors should we consider?

Matt K: No one has taken ownership of the state of Oregon's 8 percent community renewable energy goal. Could we use that as a point of focus?

Dick Wanderscheid: Don't utilities figure Energy Trust goals into their forecasts?

Jimmy Lindsey: Efficiency alignment is clearer, but renewables isn't as explicit.

Juliet Johnson: The point you bring up is a good one. Pacific Power and Portland General Electric don't need new resources for a while. SB 1149 states that renewable energy is part of this. It's important to acknowledge that these are parallel tracks. The driver is the statute. The community energy idea is a good point. It's an important place to look. Jimmy?

Jimmy: There's a place for acquiring resources at the utilities' avoided cost.

Peter: Matt, is there something in the revised energy plan that we're missing in this?

Matt K: There is a mix of priorities in the state of Oregon's 10-Year Energy Action Plan and it's difficult to understand which are most important.

Thad: Is renewable generation the primary value we can bring? That generation goal is an attempt to reflect the value of our resources. Above-market cost is where we focus, but are there other opportunities where we could help with the distributed energy portfolio?

Betsy: There seems to be some desire for us to think about the value of renewable energy in addition to kilowatt hours. Maybe there should be goals around that?

Matt K: The draft document includes a discussion of valuing differently energy-efficiency measures that reduce peak load. Is there a similar approach on the generation side?

Thad: I think that goes to rates. It gets folded in but it's not explicit.

Juliet: Are there ways to use renewable energy generation to reduce costs across the system, like reducing peak or demand charges?

Dick: It would be great to have goals other than megawatt hours. The way Energy Trust is run means that we'll always be held to megawatt hours.

Jimmy: What about megawatts of utility capacity that are avoided?

Frank: Job creation and Oregon's backlog of expertise are benefits from renewable energy development. How do we support the renewable energy industry so that it is there when we need it in the future?

Juliet: Thad, are you asking should the goal be generation or is the value in the blended portfolio?

Thad: Goals are set based on current circumstances including budget and market limitations. We pursue opportunities that are most likely to bear fruit. Is that the most value that we should expect to get of our annual budget? Or should we be taking a longer view and building a more robust network of distributed generation? Should we align with state goals? Continue to focus on the 3 aMW or shift resources to allow us to enlarge the opportunity for distributed generation in the state? It may not be one or the other, but it may be a continuum.

Juliet: One of the commission's main goals is to remove barriers to renewable energy projects. Can we provide a pre-emptive impact evaluation of distributed generation? Right now the impact of adjusting to focus on the long-term is unknown.

Thad: What would it take to get solar to grid parity? This could help us determine which technology to support.

Juliet: Utilities are worried about renewable energy presenting a threat to the grid. There is value to having a grid as well as distributed generation. I'd be curious about what renewable projects can do to improve or support the grid.

Frank: It is important to task where we want to go and how we want to get there. The Northwest Power and Conservation Council may be the best place to start. Utilities have to find a way to benefit from distributed generation. Intermittent nature of renewables makes it difficult to manage when you get to a point of having 10 to 15 percent of customers installing solar. How do you supply steady voltage on the grid? I think it's the job of utilities to tell us where good examples may be. Energy Trust may not be in a position to fund the research into this, but perhaps publicize it.

Betsy: Tashiana, do you have thoughts about what we're discussing or thoughts about what might be missing?

Tashiana: Matt's point about IRP goals was interesting. It would be good to determine a way for figuring out which sort of technologies serve the grid well. Maybe this could be part of the RFP process? Pacific Power was intrigued by the low-head hydropower project Energy Trust funded, and maybe that would be of future value to the utility.

Thad: Projects must first have above-market costs and be viable. After those hurdles, we can look at more detailed information. About 50 percent of the score in our RFPs relates to cost.

Tashiana: Perhaps additional factors should be considered in the RFP process.

Thad: We can do that, but in some ways the values you're articulating, like off peak, tend to be included in the evaluation already.

Peter: What we put in the RFP is the outcome of the priorities that come out of this meeting. There is a definite interaction between the aMW goal and these other goals. We may pay more for a project to bet on the future, but we'll take a hit on the aMW goal.

Dick: Let me put Energy Trust on the spot. Say we don't change anything. We're in a dire place with Public Utility Regulatory Policies Act rates. If we continue as-is, do you think we'll have trouble getting projects?

Thad: That depends on the technology. On the solar side, we have a mechanism in place to provide support to some level of activity.

Dave: It's a question of whether and how Oregon wants to stretch. Are we comfortable with fewer projects and larger incentives or do we want more projects?

Thad: We can maintain some level of activity and installer capacity for solar. We are going into uncharted territory now with no federal Production Tax Credit. There's a whole category of projects like hydropower and biopower where there are no federal tax incentives. We've turned our focus to net-metered projects, and to public sector projects that couldn't benefit from the tax credits anyway. We're operating based on generation or project goals. We're also opportunistic in terms of the state's goals around combined heat and power, etc.

Dick: Will the pipeline be full in five years, using that approach?

Jed Jorgensen: Probably not. On the hydropower side, I've been lining up projects so that they're ready to go when the right circumstances come up.

Dick: Then we need a different approach. Let's start thinking of other ways.

Betsy: What kinds of research or resources would be helpful in thinking about that question of finding a different approach?

Dick: Energy Trust needs to look at other approaches, like community financing, buying down interest rates or turn-key programs. Maybe lower the target and figure out how to develop models that are replicable.

Jimmy: The American Wind Energy Association thinks the Production Tax Credit will be extended. You may want to start transitioning from tactical to strategic when you begin hitting barriers or seeing diminishing value in each project. Is the problem being experienced that the funding is not enough to meet the target, or is it more in line with being disruptive to utilities?

Thad: I think we haven't made that decision. Should our focus be more on generation output or on creating values beyond average megawatts?

Jimmy: Before making a change to strategy you'll want to identify whether there is actually a problem to be addressed and understand the risks and benefits of any new approaches. You need to clearly identify the problems you're trying to avoid with any new approach.

Tashiana: The value of the public purpose charge and its benefits to customers should be articulated in renewable energy plans. Renewable energy could provide the "flair" that would communicate the value of Energy Trust and the public purpose charge.

John Reynolds: What might help us focus on the average megawatt goal would be to know exactly what percentage of power mix comes from coal and gas. When SB 1149 was passed, there was concern about carbon. How much can be offset by renewable energy?

Betsy: On this list of questions, are there any that you feel are not important to be asking?

Dick: Energy Trust should monitor the green tariff issue and whether it could have a significant impact on project development. The plan should reflect this.

Frank: Energy Trust does some advertising. We could highlight projects that have been done.

Tashiana: What is meant by proven technology?

Betsy: We can't currently fund projects that use speculative technology. It has been suggested that we should be involved in more cutting-edge technology that would involve more risk.

Dick: The question about our role in articulating statewide vision for distributed generation is a slippery slope and may be risky.

Juliet: I agree, and the question about new technology is also risky.

Frank: I disagree. There haven't been a lot of photovoltaic technology innovations and we may want to look at that.

Dave Mc: There are new enabling technologies. Should Energy Trust put value on those when considering projects?

Dick: Absolutely. It plays into the smart grid, and it's the wave of the future. The business model is changing. All of this is going to merge together and it's important that we stay abreast of it.

Betsy: Let's stop there. We have 12 days for additional comments. We'll develop a draft plan to show in June.

The council took a short break.

The Renewable Energy Advisory Council next looked at some larger additional questions:

- Should Energy Trust broaden the scope of its five-year plan?
- Should Energy Trust support existing Oregon policy and assist the Oregon Department of Energy?
- What is Oregon likely to need in the next five years?

Juliet: I'm surprised by the suggestion to broaden or lengthen the scope.

Elaine: We've included these questions about broadening scope because we've heard this question from external stakeholders. Should we even be asking this?

Elaine: We broke the "out of the box" questions into three categories: aspirational goals, goals with metrics that go beyond acquiring savings and generation, and load management. An example of an aspirational goal might be having a 20-year goal of net zero energy. In setting that goal, we would need energy efficiency and distributed renewable generation. What would we need to do differently? Should we include greenhouse gas reduction goals? Reaching underserved customers?

Dick: Do you know who your underserved customers are?

Elaine: We're trying to get a handle on that. Related to the last category, there's value in peak load management on the East Coast, but is there value here? Are there any of these that are interesting to you?

Jimmy: I see value in the peak load management category. Energy storage should be added to that list. Something is going to happen around that and Energy Trust could be a good partner there.

Tashiana: I see a role for Energy Trust becoming more integrated into planning at the utility. Maybe quarterly meetings between renewable energy staff and folks who manage peak load at the utility would be helpful.

Thad: We've been working with some Pacific Power folks around renewable energy certificates. I agree that there's an opportunity there.

Dick: Here is an example of energy-efficiency and renewable energy working together. Ashland partnered with someone to build houses that are charging-station ready. Moving into this new world necessitates further integration between efficiency and renewable energy.

John: How difficult is it to integrate greenhouse gas reductions into reporting?

Thad: We could give it to the Planning group and they could give us the equivalency.

John: It might be helpful for the Energy Trust board to see it.

Juliet: For underserved customers, helping you get more efficiency is a good thing, but from the OPUC perspective, we look at what ratepayers should pay for and what they shouldn't.

Charitable contributions should not be included in rates. You can't make a value decision about them. Underserved customers and greenhouse gas reductions would fall into this category.

The goal should be providing the best value for ratepayers.

Elaine: If we received additional funds, we could manage those funds to these other goals. We don't have that now.

Fred: There may be things that sit outside the cost-effectiveness box. How should we position ourselves to help if the frame changes?

Tashiana: There is value in ensuring that the customers paying the public purpose charge are seeing that benefit. It could be a regional issue.

Matt: On the efficiency side, you look at supply chain and emerging technologies. On the renewable energy side, you focus only on proven technologies. Why is it different? Is there a role for Energy Trust to play in new renewable energy technologies?

Thad: Storage is an example of that.

Dick: The consensus is that it's probably not the best place for Energy Trust to be. You've done a good job of reducing risk on the programs you currently manage.

Dave Mc: There's probably plenty to do with existing technology. We've looked at trade ally development and market transformation. But we need a balance on upstream and risk.

Matt: The budget isn't big enough to make a difference in the research and development phase.

Thad: It's pay to play sometimes. We look for opportunities to sample innovation in existing projects. I could see that happening on the storage side.

Debbie: Part of the SB 1149 box is that it lists certain technologies and does not list others.

Thad: Some of those have size requirements that would take them outside our budget.

Dick: We've had two instances where public buildings have tried to meet the 1.5 percent renewable goal. It's tough to educate architects individually on this. We backed off on two of these projects because the conversation was so difficult.

Dave Mc: We're looking at this now, developing design allies that include engineers and architects.

Frank: Are there communications between the Oregon Department of Energy and Energy Trust renewable energy staff?

Thad: We have quarterly coordination meetings to surface and resolve issues or expand opportunities.

Frank: Are there other groups with whom you should be meeting?

Betsy: We have a lot of communication and strategic collaborations with various groups.

Matt K: As the state has moved into a more competitive process for incentives, we're still learning how to communicate that process. I can take that back to address.

Elaine: Please do send comments through March 24 to Betsy.

3. Public comment

No public comment.

4. Meeting adjournment

Betsy thanked the council members for their participation and adjourned the meeting at 11:30 a.m. The next full council meeting is scheduled for April 23, 2014.