

# Renewable Energy Advisory Council Meeting Notes

May 3, 2017

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## Attending from the council:

Erik Anderson, Pacific Power  
Bruce Barney, Portland General Electric  
JP Batmale, Oregon Public Utility Commission  
Kendra Hubbard, Oregon Solar Energy Industries Association (phone)  
Suzanne Leta-Liou, SunPower  
Matt Mylet, Beneficial State Bank  
Dick Wanderscheid, Bonneville Environmental Foundation  
Les Perkins, Farmers Irrigation District

Corey Kehoe  
Debbie Menashe  
Dave McClelland  
Dave Moldal  
Joshua Reed  
Lizzie Rubado  
Rachel Wilson  
Robert Wyllie  
Lily Xu

## Attending from Energy Trust:

Hannah Cruz  
Matt Getchell  
Jeni Hall  
Betsy Kauffman

## Others attending:

Mark Bassett, Oregon Public Utility Commission  
Alan Meyer, Energy Trust Board of Directors  
John Reynolds, Energy Trust Board of Directors  
David White, Research Strategy Content  
Jason Zappe, Portland General Electric

## 1. Welcome, introductions and updates

Betsy Kauffman convened the meeting at 9:32 a.m. The agenda, notes and presentation materials are available on Energy Trust's website at: <https://www.energytrust.org/about/public-meetings/renewable-energy-advisory-council-meetings/>.

## 2. Announcements

Hannah Cruz announced an upcoming opportunity to provide input on Energy Trust's annual budget process and how it intersects with utility planning. An internal project team has been convened to discuss the budget process, timing, objectives and improvements. Renewable Energy Advisory Council members and other Energy Trust stakeholders will be emailed a survey with open-ended questions to provide feedback.

Suzanne Leta-Liou: What is the impetus for the budget review?

Hannah Cruz: The project was initiated to clarify roles and identify improvements in the annual budget review and development. The current Energy Trust budget process is on a two-year cycle. There have been conversations between the OPUC, the utilities and Energy Trust to build alternate and more concrete expectations regarding the second year of the budget.

Dave Moldal reported that Energy Trust has issued a competitive Request for Proposal for installation incentive projects and are due on May 26, 2017. The Request for Proposal covers non-solar projects under 20 megawatts.

## 3. Update on the solar budget

Dave McClelland provided an update on solar incentives and associated budget with a focus on Pacific Power. The activity budget for new reservations in 2017 includes \$2.6 million dollars for

Portland General Electric residential projects, \$1.8 million dollars for Portland General Electric business projects, \$1.4 million dollars for Pacific Power residential projects and \$.9 million dollars for Pacific Power business projects. Pacific Power had \$2.5 million dollars of residential applications and \$1.6 million dollars of business applications last year.

Energy Trust experienced a sharp increase in Pacific Power project activity in the first quarter of 2017 compared to previous activity. To date, there are approximately 54 commercial projects totaling 2.3 megawatts in capacity that have reserved incentives in 2017 compared to 55 projects and 2.5 megawatts for all of 2016. To address this heightened activity and constrained budget, staff has been reducing incentives and has identified over \$750,000 that from the Other Renewables budget that could support Pacific Power business projects.

The Pacific Power residential budget is on track for the year at \$1.4 million dollars, with many Energy Trust incentive changes in place. For every \$200,000, incentive rates are decreasing by 5 cents per watt and are currently at 40 cents per watt, with the expectation of ending the year at 20 cents per watt. In addition, Energy Trust has imposed a size cap on projects that can get incentive funding: 100 kW for Pacific Power and 250 kW for PGE.

Alan Meyer: Will the 2018 incentive level start where it ends in 2017?

Dave McClelland: Typically, we try to provide continuous offerings from year to year and don't reset our incentive rates. However, 2018 is a unique year in that there may not be a Residential Energy Tax Credit extension at the end of 2017. Staff will plan the budget accordingly and should have more information by the end of summer.

The final year of the Residential Energy Tax Credit could drive significant demand, and Energy Trust should be able to support about 30 percent growth with the remaining budget, and can allocate some of the 2018 budget in the fourth quarter of 2017. The board has authorized re-allocation of funds that don't exceed 25 percent of the 2018 budget.

Suzanne Leta-Liou: What is the current percentage of growth?

Dave McClelland: We are currently at 5 to 6 percent over 2016.

Bruce Barney: Are the projects mostly associated with a small number of contractors or in specific locations?

Dave McClelland: Projects are spread across the entire state and 15 contractors.

Alan Meyer: Why is the current budget only \$940,000 dollars?

Betsy Kauffman: Funding for renewable energy is a fixed percentage of the public purpose charge. Over the years, staff has utilized surplus from previous years to increase budgets, and that surplus has been mostly depleted. In the past, we have used unspent Other Renewables funding to supplement solar funding. The Other Renewables program will use all of its funding this year. Consequently, there is less funding to apply to solar programs.

Erik Anderson: While incentives continue to exist in Oregon, they don't in other states. Contractors from other states are coming here to take advantage of funding.

John Reynolds: Are most of the Pacific Power solar systems in sunnier areas that outperform systems in the Willamette Valley?

Dave McClelland: Yes.

Bruce Barney: Would it be better to lower the incentive rate rather than impose a size cap?

Dave McClelland: We are implementing both strategies at this time. The incentive reductions alone were not sufficient to keep us on track. Changes to the cap have been hard on trade allies, but were

necessary as both a budget management tool and to address concerns about larger projects with very little above-market cost.

The reallocation of \$750,000 dollars from a non-solar project brings the available budget to \$1.69 million dollars. With a typical 10 percent attrition rate on solar, staff is expects to be able to fund an additional 40 commercial projects this year, reaching about 90 total for the year.

Another part of the market is the utilities' voluntary grant programs. The OPUC has been examining whether those funds could be paired with Energy Trust's funds.

JP Batmale: The OPUC asked staff to evaluate the commingling voluntary grant funding with Energy Trust funds for projects. The OPUC staff recommendation will be on the May 16, 2017 meeting agenda and will state that voluntary funds for projects should go to nonprofit and government projects. This topic is open for public discussion and feedback.

Dave McClelland: The challenge this year is that both nonprofit and for-profit companies will look to Energy Trust for incentives in a tight year, so staff will need to work closely with the utilities on projects that are applying for voluntary funds. The community solar program is also underway with rulemaking at OPUC. This is expected to come online sometime in 2018 which will bring about another market change.

John Reynolds: Energy Trust renewables programs have funds that are earning interest. Is there a possibility that the interest on those dollars could be used to assist with solar funding needs?

Betsy Kauffman: The use of interest funds would require approval by the board.

Erik Anderson: What is the status on an above market cost analysis of projects?

Dave McClelland: A few larger projects have applied with very competitive pricing. Under a standard incentive, it is difficult to screen out low-cost projects, which is one reason we implemented project size caps.

Matt Mylet: Reducing incentives gradually makes sense as it allows business contractors to plan to access Energy Trust dollars throughout the year.

Suzanne Leta-Liou: It would be valuable for Energy Trust to acquire more data points in the 500-1000 kilowatt range. Energy Trust should be mindful of how non-solar dollars are allocated. Supplementing with data from non-Energy Trust projects would be helpful.

John Reynolds: It's important to remember that the flow of funds from non-solar to solar has been pretty significant over the past couple of years. When you look at the better capacity factor for non-solar and the ancillary benefits, I absolutely think that the non-solar is just as important as solar.

Erik Anderson: How many of the irrigation projects are in each PGE territory?

Lizzie Rubado: There are none. However, there are a number of wastewater projects in Portland General Electric territory. We generally see more non-solar projects in Pacific Power territory.

Suzanne Leta-Liou: When was the last time that that there was a concerted effort to expand the Energy Trust budget?

Debbie Menashe: When SB 838 was introduced into the legislature, Energy Trust's budget was expanded, but that did not impact the renewable budget which hasn't changed since SB 1149 was originally passed.

**4. Energy Trust's diversity, equity and inclusion strategy**

Debbie Menashe provided an update on the current status of Energy Trust's Diversity Initiative strategies and community outreach efforts. She shared the mission statement and initiative standards, objectives and goals to bring cultural competency to both the organization and its programs and projects. The purpose of the mission is to better serve diverse populations, contractors and partners. Debbie asked for assistance to convene a group of clean energy organizations to identify the jobs that are available now and in the future in order to better recruit diverse populations.

JP Batmale: Are the PMCs or staff attending regular meetings of the Oregon Association of Minority Entrepreneurs?

Debbie Menashe: Energy Trust has authorized a limited amount of time for diversity initiative committee members to meet with cultural organizations. The Existing Buildings Request for Proposal now has requirements on diversity outreach and there is time allocated in those contracts as well as program management contracts to attend meetings with these organizations.

Suzanne Leta-Liou: Could the diversity initiative also focus on diversity within the composition of board, Renewable Energy Advisory and Community Advisory Council members?

Debbie Menashe: The board has set criteria to ensure diverse representation among their members. There are also plans to establish a diversity council to advise the board in a manner similar to the Renewable Energy Advisory Council and Conservation Advisory Council roles.

**5. Public comment**

There was no additional public comment.

**6. Meeting adjournment**

The next scheduled meeting of the Renewable Energy Advisory Council is on Wednesday, June 21, 2017