

Renewable Energy Advisory Council Meeting Notes

February 7, 2018

Attending from the council:

Erik Anderson, Pacific Power
JP Batmale, Oregon Public Utility Commission
Jason Busch, Oregon Wave Energy Trust
Kendra Hubbard, Oregon Solar Energy Industries Association
Suzanne Leta Liou, SunPower

Michael O'Brien, Renewable Northwest
Les Perkins, Farmers Irrigation District
Adam Shultz, Oregon Department of Energy
Frank Vignola, University of Oregon
Dick Wanderscheid, Bonneville Environmental Foundation

Attending from Energy Trust:

Tom Beverly
Michael Colgrove
Matt Getchell
Jeni Hall
Jed Jorgensen
Betsy Kauffman
Dave McClelland

Debbie Menashe
Dave Moldal
Joshua Reed
Brian Simmons
Peter West
Rachel Wilson
Robert Wylie

Others attending:

Alan Meyer, Energy Trust board
John Reynolds, Energy Trust board

Jason Zappe, Portland General Electric

1. Welcome, introductions, announcements

Jed Jorgensen convened the meeting at 9:30 a.m. To accommodate presenters, the legislative update shifted to later in the meeting. 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. Preliminary year-end results

Jed Jorgensen and Dave McClelland presented 2017 Preliminary Results slides. Preliminary results are completed right after the end of the year and are unofficial. Energy Trust's report with official numbers will go to the OPUC in April. A lot of work goes into creating these numbers from staff across Energy Trust and PMCs, along with trade allies.

See slides for details. Two utility scale projects completed in 2017 that were expected in 2016, causing Energy Trust to exceed generation goals. There were two legacy small wind projects in the pipeline that also completed. Solar applications increased significantly due to the RETC expiration. A tremendous amount of work was completed in project development assistance, mostly for irrigation modernization projects.

Dave McClelland: The program had its busiest year ever with over 2,400 applications and almost 1,800 solar systems installed. Installations totaled to 26 megawatts of capacity, including two utility-scale projects that totaled 10 megawatts. The program saw heavy application volume as expiration of the Residential Energy Tax Credit (RETC) approached in January. As a result, we have 1,400 active

reservations. Many of these projects will need to be operational by the end of March 2018 to meet RETC deadlines.

The program hit a big milestone in December: 100 megawatts of installed distributed solar at homes and businesses.

Michael O'Brien: What are the barriers for RETC projects meeting the deadline, and what can you do about it?

Dave McClelland: We have reached out to local jurisdictions to give them a warning about high volumes of solar inspections.

Jeni Hall: Systems must be operational, including the jurisdictional inspection. We are reaching out to contractors who may have overbooked themselves to make sure customer needs are met. We are helping contractors to understand what needs to happen and when.

Alan Meyer: What are the effects of the solar panel tariff?

Dave McClelland: We saw consistent price reductions through the first half of last year, then prices stabilized in the second half of the year. The effects on pricing may already have occurred in our market. Our market also has had a high percentage of SolarWorld modules, about 40 percent. We expect most of the impacts to be for larger, lower cost projects, but the tariffs are also an additional challenge for residential contractors trying to fill the RETC gap.

Suzanne Leta Liou of SunPower provided additional information on the tariff: it was set high enough to have an impact on the market. Consumers will see price increases and the industry expects market decline, perhaps in the range of 10 percent. The tariff begins at 30 percent and declines by 5 percent per year. It includes modules and cells that are assembled into modules in the U.S. The tariff applies to cells in excess of a 2 gigawatt quota. Manufacturers can request an exemption to the tariff by a deadline of February 26.

Dave McClelland: On January 9, we introduced new, moderately higher incentive rates based on contractor feedback. We also raised our size caps on commercial systems: now 250 kW for Pacific Power and 400 kW for PGE. New residential incentives will not fill the RETC gap, but are up from last year: about \$3,500 is now available for a typical solar system. Residential applications have been slow since the incentive change, with about 20 submissions over the last month.

3. LMI Solar

Betsy Kauffman presented on the sector's work on solar for low-to moderate-income groups (LMI Solar).

This work came from a U.S. Department of Energy funding opportunity that began a couple of years ago. The Clean Energy States Alliance, of which Energy Trust is a member, applied for the funds. Six states including Oregon are participating. The Oregon Department of Energy is the sub recipient of the funds. Energy Trust is working on this effort under a contract with ODOE to fulfill the deliverables under the grant. The work includes monthly calls with the other states to share ideas. The work directly ties into our strategic plan.

As part of the initiative, we created a working group of 20 people from utilities and community groups. Meetings involved educating the group on solar and receiving input that will help structure a solar program for LMI groups.

Alan Meyer: How have the grant funds been used?

Betsy Kauffman: We have used the funds for things like scholarships for community groups to attend the meetings and to pay for a contractor.

The deliverable at the end of the year was a set of draft strategies, including: community engagement to build the pipeline and gain insights; deploying solar and storage for vulnerable communities; coordinating with the community solar program, which has a 10 percent carve-out for low-income; diversifying the solar workforce; and increasing direct participation in solar. We are likely to remove the workforce component from the plan, except to establish some baseline information. We have been doing outreach to gather information to refine the draft strategies. We visited Roseburg and Coos Bay last week, with visits to Bend, Albany, and Salem coming up. Pendleton and Medford are not yet on the calendar. There is a lot of interest in technical assistance, funding for feasibility studies and an incentive-adder for moderate income, similar to Savings Within Reach.

Michael O'Brien: What is the primary metric? Reduced bills, more renewables, more inclusiveness?

Betsy Kauffman: We are still looking at that, but U.S. DOE wants us to count kWh. We also want to see how we can make the most difference for the customers.

Erik Anderson: How will you help customers outside PGE and Pacific Power territory?

Betsy Kauffman: It's a challenge because we're using PPC money on this work. We will likely add the professional associations for municipalities and co-ops to the stakeholder work group.

Dave McClelland: Bonneville Environmental Foundation has been actively involved and their work extends outside our territory.

Betsy Kauffman: We have learned there are barriers to LMI participation in solar. Many low-income people are renters. Some LMI families live in housing that needs work and can't support solar. We need to be careful not to burden people with an additional thing to think about. The utility allowance for affordable housing has some unintended consequences. If electric bills go down, it enables rent to go up. However, tenants are aware of solar technology. The notion that they don't care isn't true. Long-term electric bill reduction is a benefit.

Adam Schultz: Is there an interest in more information on solar – like solar and storage?

Betsy Kauffman: People wanted fact sheets and basic information on solar and storage.

4. Organization strategies for Diversity, Equity, and Inclusion

Debbie Menashe, general counsel at Energy Trust, presented on the work she is leading with staff on Diversity, Equity, and Inclusion (DEI).

In 2017, the equity policy was up for review, so we worked on building it out with some recommendations to make it more specific. The policy recognizes that our work is to serve all eligible customers. The updated policy adds direction around specific strategies, instructing that programs should be designed to serve all groups and to use a DEI Lens when designing and delivering programs. The DEI Lens ensures that we think about things from other perspectives. The LMI workgroups give us that kind of information and prompt us to think differently.

We are also developing goals and policies around increased participation to help us learn from our successes and mistakes. This includes outreach to community-based organizations. Betsy's presentation demonstrates that kind of work. The policy also directs us to establish a Diversity Advisory Committee (DAC) to bring advice to staff and the board, similar to RAC and CAC. The policy also has a provision for the board to look at inclusion as board openings come up.

Frank Vignola: Have you been successful in your efforts?

Debbie Menashe: So far, we have. We aren't yet measuring against quantitative goals, but we should be able to report on that in the next year.

JP Batmale: What's the next step? What comes next from the board or executives?

Debbie Menashe: We need to finalize the current plan with feedback from stakeholders, OPUC and the board. Then we will work on operational goals, collect baseline data and create clear quantitative goals. Annual public reporting will be added as well.

Dave McClelland: Betsy's presentation talked about a moderate income adder for solar. We don't yet know what that looks like, but we will want your feedback soon. We are focused on getting through the end of the RETC projects in the next two months. In Q2, we will most likely ask for feedback about how we structure an adder. A large part of the incentive package has dropped off for the customer with the loss of the RETC. We can't afford to fill it in for all customers, but we can target how we fill it for some customers.

Michael O'Brien: It's a moderate income adder. Does that mean it will be at that income level and below?

Dave McClelland: Yes. This would be targeted at homeowners depending on how much customers can bring to the table. It would be under an income threshold. We have to decide how to determine that and check eligibility. We don't want to do a formal income qualification, which is complex and costly. We're looking for feedback on something fair and simple.

Dick Wanderscheid: Would this be for energy efficiency too, or just solar?

Dave McClelland: Energy efficiency offers this already through Savings within Reach, and we want to align with that if possible. We might be able to go back to existing customers from that program. There are opportunities to partner with community organizations and offer it to smaller groups—learning from that process and building from it.

Les Perkins: There are many existing guidelines used by housing authorities. "Moderate" very much depends on the location where you are working, but it's well established.

Dave McClelland: We don't want to reinvent the wheel. We plan to educate ourselves on what is already being done elsewhere.

5. Legislative update

Jay Ward: There are a lot of tight timelines in a short session. Hearing deadlines are next week. Energy Trust is tracking several bills that relate to the public purpose charge. We do not lobby or influence legislation, measures or candidates. We do provide information and resources to answer questions.

SB1552 would cap the public purpose charge at 1.5 percent, and cap salaries and benefits for Energy Trust at the salary level of Oregon's governor. Utility rate of return would be capped at 4.5 percent. PacifiCorp's Klamath River dam removal account would be closed and funds returned to ratepayers. OPUC staff would be prevented from working for a utility for at least two years after leaving the agency.

"Cap and Invest" is in two separate bills, one for the house and one for the senate. There are slight differences between the bills. Ted Sickinger had a good article on January 14. The bills are a priority for the speaker and majority leader but were absent from the governor's State of the State address. The utilities are skeptical. Tribal representatives have testified in support. An Ontario government representative spoke on the benefits of cap and trade to their region.

"Home WRAP" is restoration of a statewide residential energy incentive for efficiency and renewables. It would be delivered through OHCS with about \$18 million per year in cost to the state. Households with \$200,000 in income or below would be able to take advantage. The bill is perceived as being supported by the majority of the committee. There is a follow-up hearing next Monday.

There are a few other bills we are tracking on, including three that change what ODOE does. One creates a nine member advisory board with two non-voting and seven voting members. Another creates an Oregon Energy Commission, which would take a lot of what ODOE does and give to the commission. Another gives ODOE less money to do what it does now. Senators Byer and Olson are working on amendments that might move the bills forward.

There are a few other bills with relating clauses that are interesting but not directly related to us. EV charging, affordable housing and similar. Please let us know if there are any additional bills you think we should track.

Michael O'Brien: In the ODOE bills, can you clarify about the energy commission and ODOE's role change?

Jay Ward: One is less specific and one is more specific. There would be members representing the consumer-owned utilities, residential energy users, industrial energy users, the transportation sector, electric investor-owned utilities, natural gas utilities, the Power and Conservation Council and the OPUC.

Suzanne Leta Liou: What is the likelihood of the Home WRAP bill making it through the session?

Jay Ward: It is almost certain to get out of committee, but there will be some pushback. There are two issues in the future: if the Clean Energy Jobs bill (cap and invest) gets passed, it would use up a lot of political capital—and the bill likely wouldn't move forward. If cap and invest doesn't pass, this bill may go to the Ways and Means committee. They would have to determine where the funding comes from. Home WRAP includes incentives for renewable energy and energy efficiency. It has broad support from both sides of the aisle, but the funding is the challenge.

6. Public comment

Alan Meyer: I heard that some CAC participants feel there isn't enough time for interaction. Does this group feel there's enough time? Any fine-tuning needed?

John Reynolds: The CAC is a bigger group as I recall.

Frank Vignola: I've always been able to get my comments in.

John Reynolds: The smaller size encourages more conversation.

Betsy Kauffman: When Dave talked about incentives going up, it was useful to think about the small group discussions and papers that we shared. That gave us lots of useful information. There are many times when we need your feedback.

Dave McClelland: I referred back to the RAC's feedback multiple times during the budget process.

Alan Meyer: Sometimes the agenda is so packed, people may hesitate to ask questions.

Les Perkins: It's good to hear perspectives from investor-owned utilities and the Bonneville Environmental Foundation. I don't get to hear that often outside of these meetings.

Jed Jorgensen: The RAC's advice is important, and it's good for us to hear about and consider external happenings. In the past, we've also considered taking the RAC on field trips to visit nearby projects. For example, we could ask Les for a tour of Farmers Irrigation District to see an example of irrigation modernization.

7. Meeting adjournment

The next scheduled meeting of the Renewable Energy Advisory Council is on Tuesday, March 20, 2018, at 9:30 a.m. Please note this is one day earlier than originally scheduled.