

Renewable Energy Advisory Council Meeting Notes

Wednesday, May 22, 2019

Attending from the council:

Alexia Kelly, Electric Capital Management
Andria Jacob, City of Portland
Anna Kim, Oregon Public Utility Commission
Dick Wanderscheid, Bonneville Environmental Foundation
Erik Anderson, Pacific Power
Jaimes Valdez, Spark Northwest
Kendra Hubbard, Solar Energy Industries Association
Les Perkins, Farmers Irrigation District
Michael O'Brien, Renewable Northwest
Oriana Magnera, Northwest Energy Coalition
Rebecca Smith, Oregon Department of Energy
Susanne Leta, SunPower

Attending from Energy Trust:

Betsy Kauffman
Dave McClelland
Jed Jorgensen
Zach Sippel
Lizzie Rubado
Jeni Hall
Lily Xu
Dave Moldal
Peter West
Jay Ward

Mike Colgrove
Julianne Thacher
Samuel Girma
Peter West
Matt Getchell
Hannah Cruz
John Volkman

Others attending:

Kate Hawley, TRC
Shelley Beaulieu, TRC
Angela Crowley-Koch, Oregon Solar Energy
Industries Association
Charity Fain, Community Energy Project
Josh Halley, Portland General Electric
Nate Larsen, Pacific Power
Caroline Moore, OPUC
Natasha Smith, OPUC
James Donnelly, Elevate Energy
Patrick Foley, Elevate Energy

Randy Feldhaus, Sunbreak Energy Advisors
Pat Daniels, Constructing Hope
Lindsay Hardy, Bend Environmental Center
(Phone)
Katie Perkins, public
Ray Sanchez, Solarize Rogue (Phone)
Trisha Paul, CLEAResult

1. Welcome, Introductions, Announcements

Jed Jorgensen called the meeting to order at 9:30 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/>. The meeting was recorded on Go To Meeting. If you'd like to refer to the meeting recording for further detail on any of these topics, email info@energytrust.org.

Jed Jorgensen opened with brief notes and updates for the group.

Energy Trust staff recently attended two conferences:

1. The Renewable Power to Fuels Symposium by the Renewable Hydrogen Alliance, hosted by NW Natural.
2. Oregon's Energy Future Conference presented by the Northwest Environmental Business Council. Oriana Magnera, a member of the Renewable Energy Advisory Council, gave the opening keynote titled "Social Equity and Inclusion in the Clean Energy Economy".

2. Communication updates between the advisory council and board of directors

Jed Jorgensen reminded the council that communication updates will continue to be an agenda item despite no specific updates at this time.

3. Discussion about whether and how Energy Trust could provide incentives to Community Solar projects

Topic summary

Renewable Energy Advisory Council members and public attendees discussed whether and how Energy Trust could provide incentives to Community Solar projects.

Discussion

High-level feedback included:

- Energy Trust must be transparent about funding and staff resources.
- Energy Trust needs to define a clear process for determining which projects will receive funding, and why.
- Energy Trust has a potential role to play in this emerging market, and advisory council members support exploring this role. By providing incentives, Energy Trust could engage customers in underserved areas and customers who otherwise may not receive these benefits.
- The financial benefits should reach the customer and not the developer.
- This decision will require further discussion and assessment, including addressing perceived conflicts of interest.

Betsy Kauffman led a discussion about whether Energy Trust should provide incentives to these Oregon Community Solar Program projects. Historically, Energy Trust policy required a percentage of Renewable Energy Certificates (RECs) to be claimed by Energy Trust. Oregon's Community Solar Program requires that RECs remain with customers subscribing to community solar project. In December 2018, the Energy Trust board of directors voted to change the REC policy so that Energy Trust no longer takes ownership of RECs for solar projects under 360 kilowatts, which opens the door for providing incentives for smaller community solar projects. Now the question is whether to provide incentives to community

solar projects. To answer this, we need to assess our priorities and explore the positive and negative implications. Attendees broke into small groups to discuss:

- What benefits might Energy Trust incentives bring to the market?
- Could there be any disadvantages to Energy Trust providing incentives to the Community Solar projects? If so, what might those be?

Suzanne Leta: Has Energy Trust done any financial analysis for community solar projects and the potential need for incentives?

Dave McClelland: About a year ago, we modelled a variety of system sizes in different locations—this included larger systems in Klamath Falls as well as smaller systems in the Willamette Valley. We found that there is a wide range of costs and that community solar projects have additional costs (management, customer acquisition, etc.) that conventional projects do not. The smaller-sized systems Energy Trust would be able to support under the revised REC policy seem to have above-market costs. These small community solar projects are toward the larger end of what we provide incentives for right now.

After small group discussions, Betsy Kauffman each group shared out general thoughts and recommendations.

Andria Jacob: The economics of the Oregon Community Solar Program are daunting.

Alexia Kelly: Overall, I am generally supportive of Energy Trust incentives, but what should those incentives be going toward (i.e. feasibility funding, development, construction) and what is the role and importance of above-market costs? Energy Trust could play a role in feasibility funding or supporting third-party feasibility assessments for permitting, policy constraints and funding. Solar just doesn't pencil out here because it's hard to make it economically rational when power prices are so low and the payback long. Incentives have driven the market.

Betsy Kauffman: So, in the same way Energy Trust is needed in the residential and commercial market, we are needed for community solar.

Les Perkins: These projects are complex, especially in small communities where competition for land is high, which makes them more expensive.

Jaimes Valdez: At a high-level, one of the benefits of Energy Trust providing incentives for community solar projects is to make the legislative intent real—increasing access to underserved customers. This Community Solar Program is uniquely able to reach more customers. In terms of equity, homeowners have had disproportionate access to incentives compared to renters and low-income customers, which is a reason to provide incentives. At Spark Northwest, we see parity of access as necessary. Energy Trust can inspire participation by helping nonprofits and organizations that do not have access to federal tax credits.

Betsy Kauffman: This makes sense as part of Energy Trust's mission to serve and provide opportunities for all ratepayers.

Lizzie Rubado: These incentives may be critical for projects outside of the Portland Metro area and projects that cannot take advantage of the Portland Clean Energy Community Benefits Fund. Incentives can increase the diversity of developers, project managers and project types. The projects of this size are also more likely to be co-located with loads and could provide greater benefits to the grid and utility—benefits that may not be recognized economically otherwise.

Erik Anderson: The amount of money available from Energy Trust's solar budget isn't going to change the fundamental economics of these project and move the needle, unless Energy Trust's incentives are really targeted.

Angela Crowley-Koch: There are concerns about the pool of resources moving away from Energy Trust's original solar program. If that does happen, Energy Trust should focus on ratepayers that haven't had access to solar power before.

Lizzie Rubado: Energy Trust does not have incentive funding for Idaho Power customers. We understand that the Oregon customers in Idaho Power have lower average income, so lack of access to Energy Trust incentives could deepen disparities. Another issue to consider is that Energy Trust's budget for incentives is limited and may be insufficient to address the level of support that these projects, and low-income projects, may need. If Energy Trust provides incentives, then incentives may be small compared to what is really needed, but our provision of any amount of funding may make people feel like there is less of a need to solve the big problem.

Michael O'Brien: What are the impacts of spending the money? What is the goal of Energy Trust using this money?

Jeni Hall: An additional incentive might go to the developer rather than to participants. There is already a relatively small amount of funding and splitting it more ways is going to be challenging. It will be challenging and important to decide what projects Energy Trust should focus on as some are more beneficial than others.

Suzanne Leta: It's important to take it slow. We don't know what the economics will be in the long term.

Jaimes Valdez: There are two benefits to providing funding: opportunities to provide education in the community and delivering resources to low- and moderate-income customers in more rural areas. It is important to prioritize member-owned assets rather than a business to make sure benefits reach participants and not just developers.

Dave McClelland: What are the principles for having above-market cost incentives versus cost-effective incentives? This is about new market development and bringing new resources to the grid, which may prove to be more valuable than conventional projects. The disadvantage is that budget and staff time are limited, and this will require more work.

Patrick Foley: The nature of this work might increase questions about perceived conflicts of interest when picking which project to provide funding for or the amount of funding.

Anna Kim: Beyond targeting customers, you could also decide to support the first tranche—Energy Trust doesn't have to commit for the entirety of the program.

Alexia Kelly: Generally, people assume projects cost a premium and it is hard to convince them to subscribe if it will cost them more. Energy Trust needs to structure incentives in a way that does not hinder enrollment.

Suzanne Leta: Regardless of customer type, the purpose of Energy Trust and community solar is for customers to receive bill savings. No one should have to pay a premium—that should be a guiding principle.

Ray Sanchez (Phone): What kinds of solar projects are we talking about—member-owned or subscriber-owned? There is no disadvantage to providing incentives to individuals. The power of the incentive goes up with economies of scale.

Betsy Kauffman: Let's talk about the question of a perceived conflict of interest.

Jay Ward: Energy Trust must consider the public optics of participating and incenting success of the Community Solar Program.

Suzanne Leta: Is the Energy Solutions contract with the state milestone-driven?

Lizzie Rubado: Energy Trust's contract is not performance-metric driven. It's a time and materials contract.

Betsy Kauffman: Through a variety of procedures, Energy Trust already separates funds between utilities and programs. Funding from Energy Trust's subcontract to deliver the Community Solar Program is another separate entity. Energy Trust is cognizant that the organization receives funding from Oregon ratepayers and there is a responsibility that comes with that.

Suzanne Leta: Energy Trust needs to have clear procedures and documentation for how to appropriately allocate funds to community solar projects.

Anna Kim: It is important to consider and document your decisions and justifications as there are several perceived conflicts of interest that could arise.

Betsy Kauffman: Is the general feeling in the room that we should continue to consider incentives for community solar projects? Or is the perceived conflict of interest a red light?

Lizzie Rubado: Given that all Community Solar Program participants are Oregon ratepayers and Energy Trust is a public benefit organization, it is interesting that this potential opportunity to reach underserved customers is receiving such deliberation.

Suzanne Leta: Our goal is to help Energy Trust navigate this new opportunity.

Anna Kim: Thinking through how to address perceived conflicts of interest will help Energy Trust consider future relationships and funding streams.

Next steps

There was a group consensus that Energy Trust should explore providing incentives for community solar projects.

4. Business planning: draft 2020 organizational goals

Topic summary

Staff described the process to developing the 2020 organizational goals. The goals are still in draft form and will be revised with further staff input and with feedback from members of the Conservation Advisory Council and Renewable Energy Advisory Council. When final, the goals will guide the organization in developing the 2020 budget and action plan this fall.

Mike Colgrove reviewed Energy Trust's draft 2020-2024 Strategic Plan goals in their current form and explained. He noted that this year's process to developing organizational goals is different from past years because the annual organizational goals are being developed ahead of the final strategic plan goals. In subsequent years, the strategic plan will be final and a reference point before developing annual organizational goals.

Discussion

High-level feedback included:

- Advisory council and community-based input should be sought earlier in the drafting process in future years.
- Goals be more specific in order to be meaningful while also understanding that the market is changing, and Energy Trust needs to be agile.

Suzanne Leta: For the first goal, Energy Trust should add renewables. For the fourth goal, I suggest that Energy Trust include goals to retain high-quality staff. For the fifth goal, Energy Trust should include the Oregon Community Solar Program and incentives from the state and describe what the organization does that differs from state agencies.

Erik Anderson: The market isn't clear right now, so it is important for Energy Trust to have a broad focus without getting too specific. It is helpful for the Renewable Energy Advisory Council to be brought in early to help set goals, but we still want to be brought in when they become action items.

Anna Kim: The items listed here are big topics that Energy Trust is likely to be involved with, and I recommend Energy Trust does not state what the organization already does. I recommend you reword the fifth goal and consider what the organization is going to do in 2020 for these items.

Oriana Magnera: These goals are not specific, time-bound or measurable enough to be meaningful. Goals should be more focused to set staff up for success in the year. These goals were drafted internally, and I would recommend that Energy Trust create a more community-based process and evaluation of these organizational goals. Energy Trust should think about what the organization is trying to achieve and identify any gaps.

Charity Fain: The Diversity Advisory Council will be set up this year when these organizational goals will already be set. It is important that Energy Trust consider how these goals will be introduced to the new council.

Michael Colgrove: The Diversity Advisory Council will be invited to the next joint Renewable Energy Advisory Council and Conservation Advisory Council meetings about Energy Trust's strategic plan.

Michael O'Brien: For the fifth goal, I think the language is obscure and should be more explicit.
Angela Crowley-Koch: I agree. It would be meaningful if these goals were more specific.

Michael Colgrove: Energy Trust is considering what the organization needs to accomplish in 2020 to be successful at the end of the five-year strategic plan. The council's feedback on these organizational goals will be taken into consideration and once the plan is final, we will present it to the council.

Next Steps

With this feedback, staff will continue revising the draft 2020 organizational goals. The final goals will be brought back to the council at a later meeting as an informational item. The goals will also be referenced by program staff developing their 2020 action plans, and the council will receive presentations in the fall on this plan.

5. Public comment

There was no public comment.

6. Adjourn

The meeting adjourned at 12:04 p.m. The next council meeting will be held on June 26, 2019 from 9:00 a.m. – 12:00 p.m.