

## Renewable Energy Advisory Council Meeting Notes

September 9, 2015

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### Attending from the council:

Diane Broad, Oregon Department of Energy  
Jason Busch, Oregon Wave Energy Trust  
Shaun Foster, Portland General Electric  
Kari Greer, Pacific Power  
Robert Grott, Northwest Environmental  
Business Council  
Suzanne Leta-Liou, Atkins  
Matt Mylet, Beneficial State Bank  
Michael O'Brien, Renewable Northwest  
Elaine Prause, Oregon Public Utility  
Commission  
Frank Vignola, Solar Monitoring, University  
of Oregon  
Dick Wanderscheid, Bonneville  
Environmental Foundation  
Peter Weisberg, The Climate Trust

### Attending from Energy Trust:

Susan Badger-Jones  
Amber Cole  
Hannah Cruz  
Sue Fletcher  
Matt Getchell  
Jeni Hall  
Jed Jorgensen  
Betsy Kauffman  
David McClelland

Dave Moldal  
Gayle Roughton  
Lizzie Rubado  
Peter West

### Others attending:

Kyle Diesner, City of Portland  
Cindy Dolezel, Oregon Public Utility  
Commission  
Alisa Dunlap, Pacific Power  
Kendra Hubbard, Oregon Solar Energy  
Industries Association  
Mitt Jones, Home Performance Guild of  
Oregon  
Pooja Kishore, Pacific Power  
Lisa Logie, Solar Oregon  
Brendan McCarthy, Portland General  
Electric  
Alan Meyer, Energy Trust board  
Sara Parsons, Iberdrola Renewables  
John Reynolds, Energy Trust board  
Matt Shane, Oregonians for Renewable  
Energy Progress  
Ann Siqveland, OneEnergy Renewables

### 1. Welcome and introductions

Betsy Kauffman convened the meeting at 9:30 a.m. The agenda, notes and presentation materials are available on Energy Trust's website at: [www.energytrust.org/About/public-meetings/REACouncil.aspx](http://www.energytrust.org/About/public-meetings/REACouncil.aspx).

### 2. Budget themes

Staff presented the themes and activities that will be reflected in the 2016 budget for the Solar and Other Renewables programs.

Betsy commented on current market trends including falling solar prices, the investment tax credit expiration, fewer state incentives and potential limits for projects at qualifying facilities. The renewable energy sector will continue into 2016 with a portfolio of technologies focusing primarily on solar installations, and will continue building a pipeline of hydropower and biopower projects.

Dave McClelland presented the 2015 solar pipeline and the 2016 solar budget themes.

Dave McClelland: The 2015 solar pipeline is currently 11 MWdc in commercial project reservations, and the residential program has had its strongest year to date with 1,000 completed projects, a 40 percent growth over last year.

Alan Meyer: What does it mean when reservations are in a prior year?

Dave McClelland: Reservations reflect dollars and energy that are still in the pipeline, not completed projects. Some projects take a year or longer to complete installation due to their reliance on other funding sources with long grant cycles. Energy Trust has offered extensions for some projects in the commercial program facing these challenges. Additionally, the pipeline graph shows projects by application submittal date, meaning solely project activity, not installed MW to date. It's not uncommon for a project application to be submitted the year prior to its installation.

Betsy: There will be a budgeting 101 segment in the October Renewable Energy Advisory Council meeting when we'll detail the fund reservation process.

Suzanne Leta-Liou: Are pipeline trends in the residential market consistent with those of the commercial market?

Dave McClelland: Yes, assuming the investment tax credit is not extended. The commercial market has longer project time frames. We'll see a strong pipeline through the beginning of next year, which will taper off toward year-end when the focus shifts to installations.

Energy Trust operates on a stepped incentive structure. Making small reductions in our incentives allows us to support more projects and enables us to offer continuous funding to customers throughout the year.

In 2015, the Portland General Electric residential incentive started at \$1.00/watt. There have been four reductions this year, or a 30 percent decrease. Despite this drop in incentives, there has been no reduction in demand. The residential incentive for Pacific Power has had a 10 percent reduction, and the incentive is expected to remain stable for the remainder of the year.

Alan: Is the decrease a result of falling prices or sensitivity of the market?

Dave McClelland: A combination of falling prices and demand, driven by a sense of urgency in regards to the investment tax credit expiration.

Jason Busch: Does the investment tax credit apply to residential projects?

Dave McClelland: Yes, the residential investment tax credit goes away completely and the commercial tax credit drops from 30 to 10 percent at the end of 2016.

Jason: In regards to the stepped incentive structure, does the incentive rate reset at the start of each year?

Dave McClelland: There's not usually a reset, although the end of 2016 will be unique. We might announce a change in the 2017 incentive rate early next year to create some certainty and stability in the market.

Jason: Is the volume of incentives always lower for Pacific Power?

Dave McClelland: Traditionally yes, though 2016 is likely to be more balanced as we'll have a more even amount of funding for both utilities.

Peter Weisberg: Why are the Pacific Power numbers lower, both in installed projects and in budget allowance?

Dave McClelland: We typically have less Pacific Power funding, and there are more options for solar than for other renewables projects in PGE territory. Pacific Power territory holds more opportunity for other renewable technologies.

Betsy: It's also worth noting that some funding has moved into the solar PGE budget this year. There were challenges bringing in non-solar projects. In response to the expiration of the investment tax credit, we allowed some more PGE funding to be made available for solar projects.

Shaun Foster: Have you noticed contractors considering funding allowance when determining their service areas?

Dave McClelland: Somewhat. Larger-scale third-party developers have focused on the Portland area where funding is readily available. In Pacific Power territory, we tend to see smaller developers doing direct sales.

Suzanne: Is it possible there will be an increase in Pacific Power incentives to drive the market?

Dave McClelland: We're somewhat restrained by above-market costs, though there is potential that we lowered the incentive too quickly this year. It's something we're still considering.

Soft cost strategies are underway for 2015, and the draft benchmarking survey is complete. Key findings indicate a need for customer acquisition and defining other soft costs. In response to these findings, the program is focusing on business development efforts, such as small business mentoring to help contractors understand and manage cost drivers. The program is also focusing on customer acquisition efforts, such as a bid request form that generates leads for trade allies. In 2016, the soft costs survey will be repeated, refocusing on the outreach and other cost definitions and a roadmap.

Jason: Are there policies regarding smart inverters, such as allowing blackout startup and incentivizing off-grid capability and resilience?

Dave McClelland: The east coast is ahead of us on resiliency because of Hurricane Sandy aftermath. We're interested in doing more in this area. Energy Trust has a part to play on smart inverters, but can't be leading this effort. It should be led by the Oregon Public Utility Commission and the utilities. Oregon is most likely to succeed here if we watch and follow the technical standards being developed in California.

Suzanne: A lot of the market in the Portland metro area consists of third-party contractors. Is there a difference between their knowledge base and the knowledge base of other types of contractors?

Jeni Hall: Third-party contractors had more defined responses because they report similar information directly to their investors. While they had more information, it didn't change where the costs are located. We're not as focused on helping third parties but will also report findings.

Jason: In your review of soft costs, do some developers have a better understanding than others?

Dave McClelland: There's a variety of understanding of soft costs, and also a large range of installation costs, which has made comparison difficult.

Matt Mylet: Is there any interest in a centralized tool for lead generation?

Dave McClelland: We've sent about 950 solar leads directly to contractors since we launched our bid request form, and so far contractors have had very positive feedback. For next year, we're looking at opportunities to increase the value of this service by better qualifying leads.

Kendra Hubbard: How many of the leads distributed have turned to installations?

Dave McClelland: We're still working on that number. We need to make some improvements to our conversion tracking and reporting.

Suzanne: Is the contractor bid information being collected?

Dave McClelland: No, the lead generation agreement is separate and its focus is to set trade ally response terms in the interest of the customer.

Suzanne: If this is something that you can require, the information will help with soft costs analysis.

John Meyer: Is Mapdwell® still an option?

Dave McClelland: Mapdwell is happening separately to lead generation, and we're evaluating both of those options.

Jason: This effort is described as a soft cost reduction. If Energy Trust is helping specific developers instead of helping the market, how is that goal achieved?

Dave McClelland: One outcome of our survey was that soft costs are as unique as the contractors, and we're limited in what costs we can address at the market level. The business mentoring that we're proposing is targeted at contractors that are active and successful in the market, and also are smaller businesses that want to grow. Costs need to be in parallel with the value of the energy to achieve our long-term goal of creating a market that can thrive without incentives.

Several members discussed direct assistance provided to solar installers in comparison to trainings provided by Advanced Energy for efficiency contractors. Betsy will add this topic to a future advisory council meeting.

Jed Jorgensen presented the Other Renewables 2015 pipeline, advocating for use of the term forecasts instead of program goals, as it implies a more realistic outcome. Jed also went over 2016 budget themes for Other Renewable technologies.

Jed: By year-end, we expect to have 2 aMW installed, consisting of two biogas projects and two hydropower projects. Between this year and last, both the hydropower and biopower pipelines have doubled, while geothermal and wind have continued to be more reactive markets. Overall, this year has been focused on building the pipeline by providing project development assistance. We have not yet selected any projects submitted through competitive solicitations, as they all needed more development.

In 2016, we'll continue with our current technology portfolio, focusing on hydropower and biopower pipeline development. Outreach efforts will also play a large role. We will coordinate workshops for owners to learn from one another's system operations, and to tour each other's facilities. The expected outcome is that owners will learn about each other's operation and maintenance techniques, share best practices and provide a general forum for owners to reflect on similar challenges.

Elaine Prause: There's currently a large amount of project development in the pipeline. Does that indicate that there will be a shift to project incentives in 2017 and 2018?

Jed: It's hard to say. A lot of projects applied this year. If they move forward with development assistance, they'll likely be ready for installation next year. However, it's likely that the hydropower projects will take longer, especially those involved in irrigation, as they're very large system improvement projects.

Frank Vignola: Is there one key problem that keeps projects moving slowly?

Jed: Complexity. They're all custom projects and have a lot of moving parts, such as permitting, land ownership, large costs, etc.

Betsy: A great analogy is that a solar project is like buying a fridge, and a biopower project is like remodeling a kitchen or building a whole new house.

### **3. Executive director recruiting**

John Reynolds and Amber Cole presented the timeline for the Energy Trust executive director transition and requested feedback on a list of capabilities and traits.

Suzanne: There's a strong connection between efficiency and renewable efforts. It would behoove the person chosen to fully understand their interaction and have the ability to push forward with leadership in this area.

John: It is important, though the line here is often blurred between what Energy Trust can do and what is considered the responsibility of the utilities.

Jason: I'd like to see strong familiarity with Oregon's political system, and the ability to be proactive in regards to legislation. Currently, resiliency is a big concern in the state, and the next leader should position Energy Trust to add value there. Someone who can remain as apolitical as possible while knowing where and when to be involved. At the very least, they should be extremely comfortable working in the political environment.

John: It's difficult to add this as a requirement, as open lobbying is not allowed.

Matt Mylet: Energy Trust already has a lot of industry knowledge in its staff. I would like to see the person chosen for this position be held in high esteem for their management skills. While it is very important to find someone that has a certain level of experience in the sector, it is ultimately their strong leadership and management skills that will allow them to succeed and be able focus on the non-energy related challenges that Energy Trust faces.

Kendra: What is the level of involvement of stakeholders?

John: Engagement varies. There are individual conversations and also group conversations.

Dick Wanderscheid: The utility world is going to change in the next few years, and Energy Trust's role may change considerably. It will be more important for the new director to think outside the box, redirect the company to new levels and new roles, and empower staff to innovate and work in new ways.

Suzanne: What does Energy Trust culture mean?

Amber Cole: The culture evolves constantly and consistently. We have a culture of change and inclusion. Staff are included in generating new ideas, strategic planning and forward management, and it was made clear by both Ken Canon and Mark Kendall that this should remain the case. Additionally, we're not looking for someone to fix the company, but rather to sustain and continue to build it.

Suzanne: I would suggest defining the aspects of the culture that you'd like to retain and anything new that you're looking for, and explicitly calling those out in the announcement.

Frank: Make sure to search for a longer-term candidate, not just someone interested in a stepping stone.

Matt Mylet: Strategic thinking, planning and execution are most important. Staying relevant to the industry while being dynamic and moving along with the sector will be a primary role of the executive director. Once incentives burn off, this will be key to keeping the ball rolling.

Dick: Bear in mind this is a complex process. Wordsmithing can only help keep you in line to a certain extent. Be conscious of the fact that the applications will be highly reflective of the hiring process, and interviews will change your perceptions.

There was consensus among Renewable Energy Advisory Council members that the transition period should be as short as possible, and the salary range should be an open discussion point. Council members should send candidate suggestions to Ken Canon.

#### **4. Draft changes to the Renewable Energy Certificate policy**

Energy Trust is proposing changes to the Renewable Energy Certificate, REC, policy, and the utilities provided feedback that can be found in the REC policies document. Renewable Energy Advisory Council members discussed details of the proposed changes.

Jason: What benefit does this have to the generator? What value does the claim of green energy have?

Jed: We're trying to meet a customer need. For example, the City of Gresham is trying to meet specific green energy goals, and the RECs are claimed towards its municipal goal. To be Federal Trade Commission compliant, project owners are contractually required to own the RECs to claim that they are using the green power generated at the site.

Brendan McCarthy: PGE is concerned that the proposed policy revision encourages REC shuffling. For example, in Colorado, utilities get the offtake from the community solar project and are allowing shareholders to buy in by purchasing RECs that come from projects in Texas. Customers aren't purchasing RECs originating from the Colorado community solar initiative, and are essentially receiving "greened up" RECs associated with projects in Texas.

Suzanne: The same issue of null power and REC shuffling between states has come up before. This is not a new issue, and it is a valid concern in terms of REC viability.

Pooja Kishore: Pacific Power agrees with the issue of bundling RECs. Substitutes are not fair, as all RECs are not created equal. There's no control over the RECs to ensure that they're not being sold, and it's not clear how much this has been vetted.

Brandon: Yes, additionally, REC shuffling is not a policy we'd like to encourage because there's enough room in the market for people to start trading RECs as a business.

Dick: Are there projects that didn't go forward as a result of the REC agreement?

Jed: Yes.

Elaine: Option three is something that may be rarely used, but it's on the list because it provides a certain level of solution. Do you see this issue in the project pipeline?

Jed: Yes and no. This conversation hasn't started with a lot of the projects that are receiving project development assistance. It's a good question about whether or not it's worth providing assistance if the project will eventually ask for a share of the RECs. There may be more potential for REC problems among biopower projects than among hydropower projects.

Dick: If we see projects not being built because of the REC policy, it's up to the board to decide whether or not the projects are more valuable than the costs to the customers of implementing option three.

Diane Broad: There's nothing about the proposed changes that violate statutes or rules. The Renewable Portfolio Standards law would not be evaded by turning toward qualifying facilities projects. This is a board decision.

Michael O'Brien: When will the board make a decision? Can we gather written responses?

Betsy: Yes, there is time.

**5. Public comment**

Suzanne has accepted a global market strategy position at SunPower.

**6. Meeting adjournment**

The meeting adjourned at 11:58 a.m. The next Renewable Energy Advisory Council meeting is scheduled on October 21.