EnergyTrust of Oregon, Inc.

# Board Decision
# Changing Timing of Funding the Swalley Irrigation District Hydropower Project

February 13, 2008

## Summary

Swalley Irrigation District has asked Energy Trust to pay its $895,609 incentive for this project at the time the project begins commercial operation, rather than paying on production over time.

## Background

- In August, 2007, the board agreed to fund the Swalley Irrigation District project, which would generate electricity from a 750 kW generator at the end of the 5.1-mile irrigation pipe. Swalley plans to install the pipe in an irrigation canal that diverts water from the Deschutes River in Bend.

- Under the terms the board approved, Energy Trust would pay the incentive based on production over a fifteen year period based on actual generation.

- Recently, Swalley asked if Energy Trust could pay the entire incentive amount at the time the project begins commercial operation. The change would reduce the amount of Swalley needs to borrow for the project.

## Discussion

- Staff finds the proposal reasonable, and has explained to Swalley that it would have to agree security arrangements to ensure that Energy Trust is paid back if the project fails to meet minimum production levels.

- The change would change only the timing of the incentive payment, not the amount of funding. The only financial impact on Energy Trust would be that there would be no interest from escrowing the funds.

- The policy committee endorsed the request.

## Recommendation

Approve advance funding for the project by adopting resolution number 467:

## RESOLUTION #467

## APPROVING A CHANGE IN THE TIMING OF FUNDING FOR THE SWALLEY IRRIGATION DISTRICT HYDROPOWER PROJECT

**WHEREAS:**

1. **In August, 2007, the board agreed to provide $916,386 for the Swalley Irrigation District project, which would generate electricity from a 750 kW generator at the end of the 5.1-mile irrigation pipe. Under the terms the board approved, Energy Trust would pay the incentive based on production over a fifteen year period based on actual generation.**
2. **Swalley has asked if Energy Trust will pay the entire incentive amount at the time the project begins commercial operation. The change would affect only the timing, not the amount of funding.**

**It is therefore RESOLVED:**

**The board of directors of Energy Trust of Oregon, Inc., authorizes the Executive Director to amend and execute a contract with the Swalley Irrigation District to pay up to $916,386 of the above-market costs of the electric generation aspect of this project, consistent with the terms approved in August, 2007, with the following change:**

1. **Payment of the full incentive may be made upon commissioning of the project; and**
2. **Swalley must agree to security arrangements to ensure that Energy Trust is paid back if the project fails to meet minimum production levels.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]