Board Decision
Allow Self-Generators Policy to Lapse

April 7, 2010

Summary

A policy was adopted in 2003 to address a concern that has never materialized (that a firm would request a large incentive even though the firm pays a small public purpose charge because it generates most of its own energy), and which can be addressed through other policies. Staff and the Policy Committee propose to allow the Self-Generators policy to lapse.

Background

- Those who produce electric energy and use it on site do not pay public purpose charges on this generation, because the charges are based on sales, not generation.
- In 2003, the question arose whether large self-generators (which use more than one megawatt per year), who seek a large (more than $500,000) efficiency or renewable incentive yet pay little to the public purpose fund, should have access to Energy Trust incentives on the same basis as others.
- At the time, Energy Trust was concerned that demand for incentives would outstrip resources, and wanted to ensure that people who make fuller contributions to the fund have access to incentives.
- The board adopted a policy (Attachment 1) allowing self-generators up to $500,000 in incentives per site/calendar year; with priority to non-self-generators for incentives over $500,000.
- The Policy Committee reviews all policies every three years to see if they still serve a purpose. The committee reviewed this policy in February, concluded that it is no longer needed, and recommended that the board allow the policy to lapse.

Discussion

- Energy Trust has never encountered the situation with which the policy is concerned.
- Other policies require board approval of any incentive above $500,000, which would seem to address the original concern.
- If the policy were renewed, it should probably be revised:
    - Most self-generators of significant size are combined heat and power ("CHP") projects (facilities that use a fuel, e.g., gas for industrial processes that produce heat that generates electricity). The Energy Trust CHP policy encourages CHP, yet the Self-Generators policy would disadvantage them later in competing for large incentives. The policy should address this if it is not allowed to lapse.
    - The Self-Generators policy applies if a large energy user self-generates *any* energy. It would seem more reasonable to allow at least some amount of self-generation before disadvantaging a self-generator in seeking a large incentive. However, it would be hard to say how much self-generation is appropriate.

Recommendation

Allow the Self-Generators policy to lapse.

RESOLUTION 547

ALLOWING THE SELF-GENERATORS POLICY TO LAPSE

WHEREAS:

1. **In 2003, the question arose whether large self-generators, who seek a large efficiency or renewable incentive yet pay little to the public purpose fund, should have access to Energy Trust incentives on the same basis as others.**
2. **The board adopted a policy allowing large energy users that self-generate up to $500,000 in incentives per site/calendar year; and giving priority to non-self-generators for incentives over $500,000.**
3. **Energy Trust has never encountered the situation with which the policy is concerned. Other policies require board approval of any incentive above $500,000, which would seem to address the original concern.**

It is therefore RESOLVED:

The Board of Directors allows the Self-Generators policy to lapse.

Moved by: Seconded by:

Vote: In favor: Abstained:

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

Attachment 1

4.16.000-P Self-Generators Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	December 17, 2003	Approved (R236)	December 2006
Board Decision	December 13, 2006	Approved (R420)	December 2009

SELF-GENERATION POLICY

The Energy Trust of Oregon, Inc., Board of Directors directs staff to employ the following policy with respect to self-generators.

1. **This policy applies to Oregon customers of Pacific Power and PGE who generate power from nonrenewable sources at a site, whose generation capacity at the site is one megawatt or greater, and who pay a public purposes charge, either on power purchases, standby charges, or both. These customers are defined for this policy as "self-generators." This policy has no bearing on efficiency services for natural gas conversion.**

2. **For Energy Trust electric energy efficiency or renewable energy technical assistance and financial incentives with a combined value of up to $500,000 per site per calendar year, self-generators will have the same access to Energy Trust efficiency programs as other Oregon customers of PGE and Pacific Power and will be subject to the same program rules.**

3. **The Energy Trust may, in its sole discretion, provide more than $500,000 per year in technical analysis services and financial incentives to self-generators consistent with the rules of individual programs. However, Pacific Power and PGE customers who are not self-generators have priority over self-generators for this additional funding. This means that, should funding be available from a program for only one project requiring more than $500,000, and both a self-generator and a non-self-generator have projects that meet the program criteria for such large projects, the project of the non-self-generator will be funded.**

4. **The $500,000 threshold in this policy was set to conform to the incentive cap in the Production Efficiency program. This $500,000 threshold also applies to activities under all Energy Trust programs combined. Should the threshold for the Production Efficiency program be moved, staff may move the threshold in this self-generation policy to conform to the Production Efficiency program threshold.**