

## Renewable Energy Advisory Council Agenda

Wednesday, November 20, 2019

9:00 – noon (note the early start time)

Megawatt Conference Room

421 SW Oak St., Suite 300, Portland, OR 97204

Remote participation:

<https://global.gotomeeting.com/join/260745893>

or +1 (646) 749-3112, Access Code: 260-745-893

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**9:00**      **Welcome, introductions, announcements**

**9:05**      **Update on Community Solar development assistance incentives** (*information*)  
Solar program staff will provide an update on these incentives following feedback received at the October 16 meeting.

**9:20**      **Solar Within Reach offering for moderate income families** (*information*)  
The solar program has just rolled out a higher-than-standard incentive for moderate-income Oregonians. Staff will provide details about the budget for and design of this new offering.

**10:00**     **Energy Trust's draft 2020-21 budget** (*Information and questions*)  
Staff will present budget highlights and key changes from the first round of the budget.

**10:20**     **Break**

**10:35**     **Solar and storage and resilience** (*Information and questions*)

Staff will present information on:

- Work we are doing to support communities and customers who want to use solar combined with storage to improve their ability to manage during outages.
- Examples of projects that have been installed in other parts of the country to improve resilience

In addition, Adam Schultz from the Oregon Department of Energy will present information from the [resilience guidebook](#) developed by ODOE.

**11:40**     **Opportunity for questions regarding memo on separation of public purpose funds and community solar administration sub-contract funds**  
We are setting aside this time for RAC members and other meeting attendees to ask questions about the budget memo highlighting how Energy Trust maintains an appropriate separation between the two funding sources.

**11:55**     **Public comment**

**12:00**     **Adjourn**

You can view this agenda and notes from previous meetings at:  
<http://www.energytrust.org/about/public-meetings/renewable-energy-advisory-council-meetings/>.

If you have comments on meeting notes, please alert David McClelland at  
[david.mcclelland@energytrust.org](mailto:david.mcclelland@energytrust.org).

**Next RAC meeting: Wednesday, February 19, 2020, 9:30 am – Noon**

# Briefing Memo

## Community Solar Development Assistance Offer

Revised October 17, 2019

The Solar Program proposes to offer *Community Solar Development Assistance Incentives* to help support early development activities of small and public/nonprofit-led community solar projects with specific goals to benefit underserved customer groups. The objective is to increase the feasibility and success of these community-driven projects and provide them with additional support so that they have an equitable opportunity to participate in this new market.

This will also provide Energy Trust with market intelligence that will help us design appropriate installation incentives for community solar projects. This offering will be an expansion to the development assistance we currently provide for net-metered projects and analogous to the offering we have been providing to non-solar projects for many years. It is likely that some of the projects getting this assistance will not be eligible for any further support, if Energy Trust does decide to offer installation incentives for community solar projects.

This proposed incentive aligns with the organizational strategies describe in the Draft 2020-2024 Strategic Plan. Specifically, this new offering is an example of: providing relevant programs and services designed specifically for underserved customers (Focus Area 1); supporting initiatives, objectives and complementary programs led by local and state governments (Focus Area 3); and quickly responding to changes, needs and new opportunities (Focus Area 5).

### Background

Energy Trust is committed to serving and benefiting all eligible utility customers and being inclusive in our program offerings. The State of Oregon's new Oregon Community Solar Program expands opportunities for underserved customers to participate directly in solar, including renters and people with low and moderate incomes, communities of color and rural communities. Notably, a minimum of ten percent of the Oregon Community Solar Program will serve low-income, residential customers at or below 80 percent of State Median Income.

Community solar projects can be developed and managed by private, public or nonprofit entities, as well as utilities. While we expect that most projects will be brought by utilities and private firms, there is a great deal of interest from public and nonprofit organizations. These groups hope to build community-led projects that will serve, benefit and be sited in underserved communities.

Community solar is a new market and business model for Oregon, and there are many challenges to developing projects. They must navigate all the financial and technical hurdles of a typical solar project, with the added complexity of going through the interconnection process -- something new for companies that may only have experience with net-metered projects.

Additionally, these projects must acquire and manage large numbers of subscribers and owners for decades.

At the May and September RAC meetings, through our work with the Low- to Moderate-Income Solar Work Group and in the recent [OPUC Staff Memo under UM 1930](#), we learned that community solar projects led by nonprofits, local governments, and other community-based organizations (CBOs) will need more assistance to prepare for pre-certification than professional solar developers. These projects have limited access to resources in the early stages of development and are less equipped to tolerate risk when making investments to move projects toward pre-certification. Therefore, a project development assistance offering would fill an important need for these projects by providing upfront financial assistance to help them navigate the development work required for these projects.

Additional economic analysis performed by Energy Trust suggests that projects that are smaller in size and those located on buildings or other infrastructure in communities, have higher costs and may require additional support to move through development.

Energy Trust's renewable programs have a long and successful history of providing projects with early-stage funding to help overcome the barriers to project development and increase the pipeline of feasible projects in Oregon. Over time, Energy Trust has found that smaller amounts of funding at this crucial early stage can have more impact than larger incentives offered at construction. In some cases, Energy Trust has provided development assistance to projects that were not, ultimately, eligible for or did not use installation incentives. We have supported nonprofit and for-profit entities with development assistance.

Energy Trust's Renewable Energy Certificate (REC) policy ([4.15.000-P](#)) requires the renewable energy programs to secure RECs in exchange for incentives provided for the installation of projects that are 360 kW<sub>AC</sub> or larger. This would preclude the program from eventually providing installation incentives for larger community solar projects. Energy Trust's project development assistance incentives do not involve a REC transaction because they support pre-installation activities such as feasibility studies and early design work.

At the September RAC, we had a request, echoed by several of those present, to have the Solar Program offer *Community Solar Development Assistance Incentives* to support the cost of development activities of small and public/nonprofit-led community solar projects that meet the Oregon Community Solar Program criteria for the 25 percent carve-out within the program's interim capacity tier.<sup>1</sup> On October 16, we received feedback from the RAC on a preliminary proposal for how this type of support could work. This memo summarizes our final proposal, which we aim to implement and launch by mid-November 2019.

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<sup>1</sup> The Oregon Community Solar Program has proposed to set aside 25 percent of the program's initial capacity for projects that are either a) managed by a nonprofit or public entity, or b) 360 kW<sub>AC</sub> in aggregate size or smaller. This proposal is still pending Commission approval. The definition of what types of projects qualify may shift, but the focus is expected to remain on small and community-based projects.

## Incentive Proposal

### *Budget*

Energy Trust proposes limiting this offering to a total budget of \$250,000. We expect this would serve about twenty projects with an average development assistance incentive of around \$12,000 per project. We are forecasting that about 8 projects less than 360 kW<sub>AC</sub> and 12 projects larger than 360 kW<sub>AC</sub> will apply for funding in the first 12 months. We also forecast that these projects will, on average, utilize about 75 percent of the maximum incentive.

Energy Trust is currently aware of 14 small and or public/nonprofit-led community solar projects in the early stages of development. Of the 14, six are less than 360 kW and eight are larger than 360 kW. Eleven are in Pacific Power territory, and three are in PGE territory.

### *Project Eligibility*

For this *Community Solar Development Assistance Incentive* offering, a “Project” follows the definition set by the Oregon Community Solar Program in its Program Manual. Under the Community Solar Program, a single Project may consist of multiple solar electric systems interconnected with the same utility and with an aggregated capacity of no more than 3 MW<sub>AC</sub>.

Projects shall meet the following eligibility requirements for *Community Solar Development Assistance Incentives*:

- The project must deliver power to Portland General Electric or Pacific Power
- The project must be a Pre-certified Oregon Community Solar project or intend to apply for pre-certification within the next 12 months.
- Proposed, not yet pre-certified projects must be capable of meeting the Project Requirements outlined in the Oregon Community Solar Program Manual.
- If the applicant is a public or nonprofit entity, the Project may be sized up to 3 MW<sub>AC</sub> in aggregate size.
- If the applicant a private entity, the Project must be less than 360 kW<sub>AC</sub> in aggregate size.

In addition, the project must have specific goals to significantly serve, or provide more benefits to, customers who have not had access to solar generation and incentive opportunities. These might include, for example:

- more than 10% enrolled by low-income (<80% State Median Income) customers;
- delivering more than 20% bill savings to low-income participants;
- allocating a portion of the project or setting specific enrollment targets for:
  - o moderate income customers (gross income ≤100% State Median Income);
  - o people or communities of color;
  - o tribes;

- renters;
- rural customers; or
- small or non-profit businesses.

*Eligible applicants*

Applicants for *Community Solar Development Assistance Incentives* must be the primary proponent for the project at the time of application. The “project proponent” is the lead advocate or champion for the project. Prior to the enrollment of participants, the project proponent stands in as “the customer” and represents the interests of the community and intended participants of the project. They are the primary decision-maker about key project characteristics, such as siting, scope and who the intended project participants and beneficiaries will be.

The project proponent is responsible for the completion of project development work, which it may perform itself or contract out to a third-party. They are the entity that applies for and enters into an agreement with Energy Trust to receive *Community Solar Development Assistance Incentives* on behalf of the project.

The project proponent may partner, collaborate and subcontract with other entities to develop, manage, operate and maintain the project.

*Incentive amounts*

The *Community Solar Development Assistance Incentive* covers a portion of the final, invoiced costs of completing eligible project development activities, up to the caps described below in **Table 1** and **2**. Incentive requests will be reviewed, and incentives reserved for approved, eligible activities, on a first-come, first-served basis.

In addition to the per-project incentive caps, a project proponent working on multiple projects may not reserve more than \$50,000 across all their projects.

Incentives will be paid to the project proponent after 1) the work has been completed, 2) any consultants or contractors have invoiced for their work, and 3) the project proponent has submitted the required documentation to Energy Trust.

**Table 1. Community Solar Development Assistance for public/nonprofit applicants**

Activity	Incentive covers	Max Incentive per Project	
		< 360 kW <sub>AC</sub>	> 360 kW <sub>AC</sub>
Work performed by a contracted consultant or other professional	80% of eligible costs	\$5,000	\$10,000
Work performed by nonprofit or public project proponent	80% of the cost of time spent on eligible activities	\$5,000	\$10,000

Maximum development incentive cap per project	\$10,000	\$20,000
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**Table 2. Community Solar Development Assistance for private entity applicants**

Activity	Incentive covers	Max Incentive per Project	
		< 360 kW <sub>AC</sub>	> 360 kW <sub>AC</sub>
Work performed by a contracted consultant or other professional	50% of eligible costs	\$5,000	Not Eligible
<b>Maximum development incentive cap per project</b>		<b>\$5,000</b>	Not Eligible

*Eligible Project Development Activities*

*Community Solar Development Assistance Incentives* can be used for the types of activities described below.

**Grant-writing:** completing grant applications for non-Energy Trust project funding opportunities.

**Feasibility work:** assessing the technical and financial feasibility of the project. Feasibility studies commonly include or consist of solar resource assessment; financial modeling and analysis; siting options; design, permitting, zoning, structural and interconnection considerations; engineering studies; development timeline; assessment of equipment options; assessment of the market potential for subscribers/owners; and additional conclusions and recommendations. Examples include hiring an expert to complete a comprehensive feasibility study, perform a market assessment of potential subscribers, or assess a variety of sites for suitability.

**Technical assistance:** performing work or engaging a consultant to provide expert assistance with technical development activities, such as: preliminary system design, assistance with permitting, utility interconnection, contract development, accounting and tax treatment, project management, customer acquisition and management planning, and product (subscription) development. Examples include hiring an expert to complete preliminary system designs, advise on subscriber contracts, consult on navigating the permitting or interconnection process, develop a pro forma, or put together a subscriber management plan.

Certain activities and costs are considered **ineligible** for development assistance incentives. This is not an exhaustive list. Determination eligible activities rests solely with Energy Trust.

- Purchase or lease of equipment, facilities, land or resources
- Permit and interconnection fees
- Oregon Community Solar Program pre-certification, certification or program administration fees
- Closing or other costs associated with financing or finalizing a deal with an investor

- Construction and site preparation costs
- Activities that have already been completed

*Project development activities performed by a nonprofit or public project proponent*

Under this incentive offer, nonprofit or public project proponents may apply receive incentive reimbursement for time spent performing work on eligible development activities, up to the caps shown in **Table 1**. To qualify for reimbursement for performing certain technical work, such as engineering and design, the applicant must demonstrate that they have qualifications necessary to perform the work.

This aspect of the proposal stems from the lessons Energy Trust has learned working closely with community-based organizations over the past several years. For public and nonprofit entities, it is not just the direct costs of developing projects that are a barrier, it is the expenditure of their time on opportunities that may fail to materialize and yield benefit for their constituents. Without some financial support for their time, it may be difficult to make the case to their boards or councils that it is worth investing the time in this necessary, but risky, early development work.

**Approach to roll-out and implementation**

According to stakeholders, time is of the essence. Small and community-led projects are requesting that Energy Trust provide support so that they have an opportunity to capture some of the capacity available at launch, which is planned for mid-December. We propose to fast-track development of this incentive offering and to make it available in November. The program would build off current project development assistance forms and processes to minimize development time. We also propose that we use a lean and nimble approach and adaptively manage as the community solar program rolls out and evolves. This includes adjusting the offer and its criteria as we learn from the market and the Community Solar Program and other local policies evolve.

# MEMO

**Date:** October 9, 2019  
**To:** Board of Directors  
**From:** Michael Colgrove, Executive Director  
**Subject:** Energy Trust's Subcontract to Support Oregon Community Solar Program Delivery

## **Energy Trust's Role in the Oregon Community Solar Program**

The Oregon Community Solar Program was developed in response to Senate Bill 1547 (Oregon's Clean Electricity and Coal Transition Plan) in 2016, which directed the Oregon Public Utility Commission to establish an Oregon Community Solar Program for customers of Portland General Electric, Pacific Power and Idaho Power.

The Community Solar Program is managed by the OPUC and administered through a contract with the primary program administrator, Energy Solutions. Energy Trust has a three-year subcontract (March 2019 through March 2022) with Energy Solutions to support certain aspects of program development and delivery, including project manager registration, project certification, customer service and consumer protection. This work is funded by new revenue that is separate from public purpose funding directed to Energy Trust for energy efficiency and renewable energy programs. Energy Trust's services under the subcontract result in a small increase in the organization's net assets.

As a subcontractor, Energy Trust will lead Community Solar Program project certification activities, including project review and registration and oversight of project managers. Energy Trust will also lead the customer service and consumer protection aspects of the program and advise on program design and continuous improvement. Energy Trust's role as a subcontractor leverages Energy Trust's expertise in program development, solar project review and verification, consumer protection and customer service while minimizing investment in and potential risk associated with developing a new delivery model.

Energy Trust revenues are not directly tied to the number of projects enrolled in the Community Solar Program. Energy Trust revenues from the Community Solar Program subcontract delivery are determined by a time and material professional services agreement and are based on negotiated rates for each staff position, plus reimbursement of direct costs.

Energy Trust revenues from the Community Solar Program subcontract are budgeted to be \$546,896 for 2020 and are expected to produce an increase in net assets of \$128,882.

## **Separation of Funds**

All public purpose charge, Community Solar Program and other funds are tracked in Energy Trust's enterprise accounting system, Dynamics GP. Cost centers in the accounting system allow costs to be aggregated for each program or support function. A program may have a single funding source or multiple funding sources.

Cost centers are a central feature of Energy Trust's accounting system. A cost center is the representation of any program or support group that has unique activities and needs to be accounted for distinctly from other activities. The use of cost centers supports the creation of funder-specific

reports, helps to manage costs and allows for accurate reporting of leveled costs. One or more cost centers may be aggregated to a major program, programs may be aggregated to sectors, and sectors may be aggregated to a division.

The Community Solar Program cost center has a single funding source. Staff working on the Community Solar Program track their time to the Community Solar Program cost center in 15-minute increments on their electronic timesheets. Other costs that may be incurred, such as travel, meetings or professional services, are tracked and coded to the Community Solar Program cost center.

This method of tracking and reporting has been in place since the inception of Energy Trust and has supported consistent reporting of segregated costs for Oregon public purpose charge funding sources (efficiency and renewable energy) and for services to NW Natural customers in Washington.

Energy Trust captures all time spent on the program, even if that time exceeds the limits agreed upon in the contract. Time spent on the Community Solar Program will not be charged to other funding sources.

### Cost Sharing

Costs include direct as well as indirect costs. Direct costs are readily identifiable to the program or functional area. When employees submit vendor invoices and payroll timesheets they code direct costs to cost centers based on their firsthand knowledge of the purpose of the invoiced expense or time spent.

Indirect costs reflect costs that are shared and managed centrally and where a direct charge is not practical. An example of a shared cost is everything needed to run an IT department.

Allocation is the method by which shared costs are distributed to cost centers. An allocation model includes an input of costs to be allocated, a basis for allocating and the allocation target. Each allocation basis is a reasonable estimate of effort or value. A good allocation makes intuitive sense and shows a natural relationship between the cost and targets of the allocation.

### Energy Trust’s Shared Cost Categories and Shares Allocated to Community Solar Program

Share Cost Category	Description	2020 Share of Resources Allocated to Community Solar Program
<b>Shared facility costs</b> (Occupancy costs, including rent, copiers, furniture, movers, repairs, utilities, depreciation)	The sum of activity in this cost center is allocated to programs proportionally based on payroll hours per cost center from timesheets, or in the budget, based on the budgeted time distribution.	2.09%
<b>Information Technology (IT) costs</b> (Staffing, professional services, hardware, software, telephone system, depreciation)	The sum of activity in this cost center is composed of three areas—infrastructure, development and reporting. These costs are allocated to organizational cost centers based on an estimate of	1.03%

	users who are supported by each of the three IT areas.	
<b>Administration, including executive office, legal, DEI, project management, organization development, finance, HR, office management</b> (Staffing, professional services, conferences, board services)	Charged to programs proportionally based on year-to-date total costs.	0.21%
<b>Communications and Outreach, including communications, outreach, marketing and web support</b> (Staffing, website maintenance, marketing, stakeholder relations, outreach)	Charged to programs proportionally based on year-to-date total costs.	0.16%
<b>Planning and Evaluation</b> (Staffing, conferences, training, travel, statistical and other special software, memberships, professional services not targeted to specific programs)	The sum of activity in this cost center is allocated to programs proportionally based on predetermined usage, developed during the annual budget process.	
<b>Customer Service</b> (Staffing, call center)	The sum of activity in this cost center is allocated to programs proportionally based on the number of customer service calls reported monthly by the call center.	
<b>Trade Ally Support</b> (Staffing, conferences, meetings)	The sum of activity in this cost center is allocated to programs proportionally based on the number of trade ally relationships reported annually by the trade ally support group.	
<b>Targeted Load Management planning—Pacific Power</b> (Staffing time spent on targeted load management programs)	The sum of activity in this cost center is allocated to programs participating in targeted load management.	
<b>Targeted Load Management planning—NW Natural</b> (Staffing time spent on targeted load management programs)	The sum of activity in this cost center is allocated to programs participating in targeted load management.	
<b>Targeted Load Management planning—PGE Test Bed</b> (Staffing time spent on targeted load management programs)	The sum of activity in this cost center is allocated to programs participating in targeted load management.	