

Renewable Energy Advisory Council Meeting Notes

September 20th, 2023

Attending from the council:

Amy Schlusser, Oregon Department of Energy
 April Snell, Oregon Water Resources Congress
 Briky King, Fairway Mortgage
 Jaimes Valdez, City of Portland
 Jake Wise, Portland General Electric

Joe Abraham, Oregon Public Utility Commission
 Josh Peterson, Solar Monitoring Lab, University of Oregon
 Max Greene, Renewable Northwest
 Ryan Harvey, Pacific Power

Attending from Energy Trust:

Alex Novie
 Amanda Zuniga
 Amber Cole
 Amanda Thompson
 Ansley Guzynski
 Alina Lambert
 Bayo Ware
 Betsy Kauffman
 Chris Lyons
 Dave McClelland
 Dave Moldal
 Elaine Dado

Elisa Simko
 Elizabeth Fox
 Emily Findley
 Fred Gordon
 Isaiah Kamrar
 Jeni Hall
 Josh Reed
 Kate Wellington
 Kyle Petrocine
 Lidia Garcia
 Lori Lull
 Maddie Norman

Michael Colgrove
 Natalia Ojeda
 Renita Lamberth
 Ryan Cook
 Shelly Carlton
 Sue Fletcher
 Taylor Navesken
 Thad Roth
 Themba Mutepfa
 Tracy Scott

Others attending:

Henry Lorenzen, Energy Trust Board
 Susan Brodahl, Energy Trust Board

Kyle Holmes, CLEAResult
 Ralph Mesite, Inclusive Prosperity Capital

Welcome and Announcements

Betsy Kauffman, Sector Lead, convened the hybrid meeting at 9:30 am. Notes were taken by Matt Getchell. 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/>.

1. Oregon Department of Energy program update

Topic Summary

Council member and Oregon Department of Energy (ODOE) staff member Amy Schlusser provided an update on the new programs and offerings ODOE is implementing, including additional funds supporting energy resilience plans, grid resilience, Conservation Reserve Enhancement Program (CREP) incentives and support for the Solar+Storage Rebate Program. ODOE is also planning to apply for a competitive grant under the US Environmental Protection Agency’s Solar For All funding opportunity. This grant application is in partnership with Energy Trust and the Bonneville Environmental Foundation, and if awarded, could provide in excess of \$100 million over a five-year performance period to support the deployment of solar in communities experience low incomes. The EPA is

expected to make up to 60 awards across all states and territories; there are no additional applications expected from other Oregon stakeholders.

ODOE has also been directed to develop a comprehensive state energy strategy for Oregon that identifies options and implementation gaps to achieve the state's policy objectives. The state energy strategy must be informed by stakeholder perspectives, existing climate and energy laws, resource plans, studies and policy goals. The plan development must evaluate costs and benefits, scale and pace, and must ensure that the clean energy transition does not hurt our most vulnerable communities and find ways to share benefits statewide.

Discussion

Staff asked if there will be opportunities or support available for communities to partner with utilities to pursue larger funding opportunities, naming local substation or transmission constraints that may impact proposed resilience projects. These details are still being worked out, but there should be some funding available to support these kinds of projects and funding can be used to support counties hiring staff for resilience planning. Regarding timing, funding for both resilience planning for counties and a subsequent CREP round are tentatively scheduled for the first half of 2024.

Next Steps

There is a lot of new hiring underway at ODOE to support the new and expanded scopes of work. ODOE plans to convene several advisory and working groups to support the development of the clean energy strategy. Further details will be finalized and shared with the council as the work progresses.

2. 2024 Budget and Action Plan – Budget Development Assumptions

Topic Summary

Executive Director Michael Colgrove shared additional context and background on Energy Trust's 2024 budget, the development of which is significantly different than in past years due in part to aggressive state decarbonization goals. Energy Trust needs to accelerate savings and more deeply explore what is available. Strategic questions included: How much more energy be achieved? How can it be acquired? What is needed to achieve this? Energy Trust's response to these questions is that there are more savings available, but it will require immediate investment in:

- Growing the delivery and trade ally network.
- Increase support for workforce development activities.
- Growing staff further to support relationships with communities, manage program shifts, and increased delivery activities.

Energy Trust has begun engaging with the Oregon Public Utility Commission (OPUC) to reconsider the existing methodologies for determining the avoided costs and cost effectiveness of efficiency measures. Additional investments to achieve greater decarbonization will need avoided cost changes to account for the increase in value of energy efficiency. These changes will allow more higher-cost energy efficiency to become a cost-effective investment, which will accomplish two key strategic goals—to acquire more energy efficiency, and to acquire it sooner.

Also being considered with this new proposed approach is to shift from a measure-level cost-effectiveness test to a portfolio view of cost-effectiveness. Energy Trust is considering what would happen if securing external funding sources supporting low-income communities might allow for an

exclusion of those measures from the portfolio analysis. Throughout the development process of the draft budget, the OPUC has shown initial support to this way of thinking.

Discussion

Members expressed overall support and agreement that acting sooner will enable more savings, and this is the correct approach for broader climate goals, both locally and regionally (Jaimes Valdez, Amy Schlusser). Members asked clarification questions regarding avoided costs, the level of detail for geographical inputs, and the planned sensitivity analyses in the planning process (Amy Schlusser, Brikky King, Jaimes Valdez). Staff responded that details are still emerging though the changing processes, but the hope is to move to a multi-year planning strategy that is capable of being more responsive and dynamic to inputs. This process will ideally give the ability to incorporate engagement and think critically about where new, deeper savings opportunities will come from.

Staff also identified the need to clarify how Qualifying Facility (QF) rates might be impacted by avoided cost increases—the QF structure may not have the tools necessary to address increased capacity values for transmission. Staff also discussed the need for geographic analysis of the network of community-based organizations, which in some cases, may need support in communities where gaps exist.

Next Steps

The October 11 board meeting will include a deep dive into the draft budget. The joint advisory council meeting will occur on October 12 where an overview of the draft 2024 budget and draft 2024 organizational goals and priorities will be discussed.

3. Smart-E Loan Program’s national residential loan platform

Topic Summary

Staff introduced the discussion on residential solar financing to provide context for council members, which was identified as a priority by members and stakeholders during the budget engagement sessions. Conversations with solar trade allies over 2023 have also identified financing as a very important topic. Especially for residential rooftop solar, there is much more complexity to the current state of financing than just high interest rates. New trade allies entering the market find it nearly impossible to get a financing product to offer their customers. There is only one credit union (based in Washington) with a meaningful presence in the Oregon market that provides a competitive product that does not raise consumer protection concerns. The remainder of the financing products in the market are private lending products that look competitive initially but actually include 25-50% dealer fees amortized over the life of the loan, significantly impacting the real-world payback of a solar system.

Conversations with trade allies have paralleled internal strategic conversations about the best way Energy Trust can continue to support the residential solar market in the face of substantially lower or sunset standard residential incentives. Program staff have been exploring how Energy Trust might best support financial affordability and a healthy, transparent lending market with protection for consumers. This initial exploration and discussions with the Clean Energy States Alliance connected staff with work that has been under way in other states.

Ralph Mesite, with Inclusive Prosperity Capital, provided council members with an informational overview of the Smart-E loan product, which is provided in partnership with a network of approved local lenders and installation contractors in several other states (CT, MI, CO, NM, AZ). Solar and

paired battery storage are eligible technologies, but a variety of clean energy technologies or home improvements can be included as eligible expenses. The product is able to provide significantly competitive interest rates through the creation of a loan-loss reserve, thereby significantly reducing the risk to the lender. Contractor partners must meet minimum participation criteria and maintain satisfactory performance levels. Lenders benefit from significantly reduced loan acquisition costs. Projects must be for owner-occupied homes and owner-financed. Most customers are able to see a positive cashflow in the first month, depending on the regional price of electricity.

Inclusive Prosperity Capital works to leverage local infrastructure when possible and structure requirements to be consistent with local/regional policy or other incentive programs. Program staff recruit and manage support for lenders, qualify contractors, and manage technical review; lenders manage customer credit review and disburse loan payments to contractors; contractors provide the scope of work to the customers, inputs technical aspects of the project into the portal, and manage all process documentation. The minimum required at launch is a participating lender with broad coverage across the state with electronic closing capabilities, automated clearing house (ACH), and are comfortable loaning up to \$50k unsecured. The product can be brought to market with as few as one or two participating contractors. The most successful structure will still be able to provide some consumer choice among both lenders and participating contractors.

Discussion

Staff inquired and confirmed that the lender is the servicer and holds the note and there is flexibility to make modifications to the loan or buy down the rate, such as for a limited campaign like a funded Solarize effort. The loans are also unsecured and tied to the individual rather than the property, which simplifies the options during home transactions. Additionally, the Smart-E product is stackable with other programs or rebates, with essentially the net out-of-pocket cost to the customer being the amount financed. Lenders also agree on a not-to-exceed rate, but there is no floor, so lenders are encouraged to keep rates as low as possible.

Council members inquired about how the program gets funded, which varies across states. In Connecticut, the Connecticut Green Bank covers the whole cost of the program, where parts of the southwestern United States have a lender-led model with an up-front fee and maintenance to cover technology and staff time, usually a 2.5% contractor fee and a 0.5% lender fee (Jaimes Valdez). Staff expressed some concern about achieving a positive cashflow early in Oregon due to the low cost of electricity, but based on the various markets Smart-E has been deployed in, they have still seen success in improving the payback period relative to local options, even if cashflow is not positive in the first month. Staff were curious if any on-bill financing mechanisms had been integrated with the product in other states, which has not yet occurred—this approach requires very organized lenders and utilities and a heavy amount of information pass-through and systems integration. It is a great model that can be very effective but is challenging to execute.

Council members asked about next steps for Inclusive Prosperity Capital and their plans for bringing the product to Oregon (Josh Peterson). Inclusive Prosperity Capital has a goal of making this product available in all 50 states, but the expansion will follow the “path of least resistance,” and likely prioritize regional markets that have strong infrastructure to simplify deployment and build on-the-ground partnerships. The Inflation Reduction Act may provide additional funding to help establish a national loan-loss reserve, which will help support their plans for growth. In general, they see the demand for solar continuing to increase and the need for financing product to grow and expand as well.

Next Steps

Staff plan on continuing the exploration of financing solutions through the end of 2023 with the identification of possible regional or national partners. Council members who have follow up questions for Inclusive Prosperity Capital or additional feedback to share regarding financing should contact Jess Siegel, renewables program manager, at jess.siegel@energytrust.org.

4. Public comment

There was no public comment.

5. Adjourn

The meeting adjourned at 12:12 pm. The next meeting of the Renewable Energy Advisory Council will be an anti-racist training for all of Energy Trust's advisory councils on Friday, September 29 at 10 am and a joint meeting on the 2024 Energy Trust budget on Thursday, October 12 at 1:00 pm.