

Renewable Energy Advisory Council Agenda

Hybrid meeting: in person at 421 SW Oak, Suite #300 and on-line using Zoom link below

Wednesday, June 28, 2023

9:30 – 11:00 a.m.

We encourage you to attend the meeting in person. If you want to join via Zoom, you will need to register in advance:

<https://us06web.zoom.us/meeting/register/tZlqdOihrzwiGdZWHnAlKDynN0ssVPbDRxiK>

After registering, you will receive a confirmation email containing information about joining the meeting.

RAC members who come to the meeting in person may receive reimbursement for mileage and parking. Please email Elizabeth Fox at elizabeth.fox@energytrust.org for information on where to park.

9:30 Welcome and Announcements

9:35 Proposed changes to the solar program *(presentation and feedback)*
Staff will present a set of proposed changes to the program to respond to current market conditions and seek RAC feedback. Please review that attached memo.

10:40 Introduction of new board members *(presentation and feedback)*
Three new members of the Energy Trust board will introduce themselves.

10:55 Public comment

11:00 Adjourn

You can view this agenda and notes from previous meetings at: energytrust.org/about/public-meetings.
If you have comments on meeting notes, please email [Alina Lambert](mailto:Alina.Lambert).

Next meeting: The next meeting will take place on Wednesday, July 26th.

MEMO TO THE RENEWABLE ENERGY ADVISORY COUNCIL

2024 Proposed Solar Program Design Changes

June 2023

This memo summarizes proposed 2024 program design changes being presented for discussion with the Renewable Energy Advisory Council (RAC) at the June 28th RAC Meeting. Staff are seeking input from RAC Members on the proposed changes, looking to validate assumptions and identify potential risks. Discussion questions below will guide the dialogue at the in-person/virtual hybrid RAC meeting.

If you would like to offer additional written feedback or request follow-up conversations, please contact Dave McClelland, Sr. Program Manager at david.mcclelland@energytrust.org.

*Note: Staff make these recommendations under the assumption that they are the highest and best use of our current limited **public purpose charge** dollars. Should there be a change in underlying conditions for our programs—such as an increase in funding, a new external funding source, or different funding parameters—this framework could serve as a flexible foundation to scale up or focus direct targeted programs. Staff would have the ability to shift course and leverage the Trade Ally Network to achieve new policy goals for solar and solar+storage.*

Background

Since 2023, Energy Trust has supported over 25,000 solar installations, including more than 23,000 residential systems. We have combined multiple program elements to create this success, including:

- A strong network of solar trade ally businesses
- Customer guidance, education, and marketing
- A commitment to high performing and long-lasting solar systems
- Flexible incentives that are reduced to meet growing demand within our budget
- The ability to adapt our program to new market conditions and stakeholder interests

Through regular incentive reductions, we have successfully accommodated both market growth and new incentive offers within the fixed public purpose budget. Residential solar incentive applications have nearly tripled in the last three years. During the same period, we have been shifting funding away from market-rate residential incentives toward new equity focused offerings, including Solar Within Reach. The increased number of applications combined with incentive reductions have led to incentives that no longer cover a significant portion of the above-market cost of a solar system: after tax effects, our \$400 Solar for Homes incentives now support less than 3% of the above-market cost of a \$30,000 solar system, raising questions about whether our incentives are driving decisions for these customers. Other incentives from the state and federal government now play a much larger role in helping customers install solar.

To address this challenge, we propose to suspend our base residential solar incentives and move Energy Trust support upstream in the residential market. This will allow us to continue to evolve our solar offerings and focus our limited funds where there is most need and opportunity: in the areas of equity, resilience, and grid flexibility. We see these as the highest and best use of our limited funds at this time. With this proposed change, we would maintain many elements of our Solar program and industry support. We recognize the proposed changes would carry

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some risks, but we believe that our recommendations reflect that the Oregon solar market has already grown beyond the scope of our incentive program at our current funding level, and our ability to influence the full market is already somewhat diminished. We encourage feedback on other paths we should consider. We also want to note that the proposal outlined below retains our ability to scale up or shift direction should additional funding become available or new directives dictate.

For RAC consideration and discussion, we present below a draft proposal for program design.

Questions for discussion to consider as you read:

- Which aspects of the proposal do you support? Which would you change and how?
- What role do market-rate solar projects play in Oregon's future?
- How can Energy Trust best support trade allies and the solar industry?
- What might be the unintended consequences or impacts from this proposal for certain customer populations or communities (such as Black, Indigenous, Asian, Latino or rural communities)?

Vision and Core Assumptions

The Market Ready Solutions Team, which operates our solar program, sees a future where all Oregonians equitably benefit from a clean, distributed, resilient and flexible energy system, driven by a strong solar+storage industry and collaborative agency partners.

Our future program structure is built on two core assumptions:

1. Our unique expertise, funding, and capacity should focus on developing and delivering solutions that support equity, resilience, grid flexibility, and locational value.
2. Delivering these solutions requires a broad, robust standard solar industry.

Summary of Proposed Changes

- **Sunset market-rate residential incentives.** Timing is yet to be determined, but we are thinking of sunsetting market-rate residential incentive applications as early as December 1, 2023. Because customers have a year to install after reserving an incentive, we would continue to pay incentives through most of 2024, so impacts on our budget allocations and how we report on generation would start in 2024 with larger changes in 2025.
- **Continue to build out solar and battery storage incentives focused on equity, resilience, grid flexibility, and locational value.**
- **Expand customer education and marketing** for all audiences, including market-rate customers, to ensure that customers know about their solar options and are well-informed as they seek bids and meet with trade ally contractors.
- **Expand targeted outreach efforts.** Deliver focused campaigns utilizing Solarize, Solar Ambassadors, and other models, and build a framework for high-value projects and priority customers to access existing and new incentives.
- **Shift focus upstream to support a healthy solar market** and growth in solar contractor businesses by providing trade allies with customer leads, increasing our marketing, and working to address market barriers and reduce project soft costs.
- **Maintain a Trade Ally Network and evolve our quality management and consumer protection practices.** Continue to build out offers that benefit trade allies and provide

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broad industry support, including educational resources and business development funds.

What would stay the same

- **Other incentive offers** including Solar Within Reach, commercial incentives, Equitable Solar incentives for non-profits, tribes and affordable multifamily, solar development assistance for community solar and other projects, and our planned battery incentive would all continue as is under this proposal.
- **Our commitment to system performance and longevity** through quality management for the systems we continue to support and by setting and encouraging industry best practices.
- **Our ability to target by location.** Staff will still collaborate with utilities on locationally-specific efforts and may consider locational incentives for specific efforts.
- **Our commitment to advancing the solar market.** We want to see expansion of all types of solar projects.
- **Our ability to scale up** will remain. Under this proposal, we would maintain our relationship with trade allies and incentive-processing systems, enabling us to scale up and utilize additional funding as we define the larger role we may play in helping to achieve the state's climate goals.

Expected Benefits

We expect these changes will:

- **Free up residential incentive dollars (\$2.1 million in the 2023 budget; ~17% of the incentive budget) for equity and resilience.**
- **Prepare the program to seek and respond to opportunities for additional funding** focused on equity, resilience, grid flexibility, locational value, or growing the number of rooftop systems.
- **Maintain Energy Trust's relationship with trade allies.** This connection has been an important part of our work in the solar market.
- Based on feedback from trade allies, we also believe that shifting focus from incentives to upstream support **could allow the market to grow faster.**

Potential Risks

These changes may also:

- **Reduce Energy Trust's ability to influence the solar market.** Some residential solar contractors may be less interested in working with Energy Trust in the absence of a standard residential offer.
- **Reduce Energy Trust's visibility to the solar market, contractor performance, system costs and equipment installed.** Energy Trust has used our residential incentives as a window into the solar market that allows us to track market trends and qualify trade allies for additional program benefits.
- **Hinder our ability to address any concerning contractor sales practices.** Energy Trust has used our position as a residential incentive provider to respond to customer complaints and address concerning sales practices. This could result in more contractors using deceptive or high-pressure sales tactics.
- **Hinder our ability to ensure consistency in system quality and performance.** Energy Trust has used our incentive process to require best practices that result in long-

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lasting and high-performing system installations. Suspending our incentives may result in more solar installations with quality issues.

As noted above, while these risks are valid, our recommendations reflect that the Oregon solar market has already grown beyond the scope of our incentive program at our current funding level, and our ability to influence the full market is already somewhat diminished. We hope to work with other market actors, such as the Oregon Solar & Storage Industry Association (OSSIA), utilities, Oregon Department of Energy, Construction Contractors Board (CCB) and code officials, to share market information and address these risks more holistically.

Next Steps

We plan to:

- Seek trade ally input.
- Review recommendations using Energy Trust's DEI lens.
- Meet with community organizations that have an interest in solar.
- Continue internal planning and development.
- Build out 2024 Budget and Action Plans.