

ITEM NO. CA3

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 14, 2019

REGULAR CONSENT EFFECTIVE DATE February 14, 2019

DATE: February 7, 2019

TO: Public Utility Commission

FROM: Thomas Familia *TF*

THROUGH: *BC for JE* Jason Eisdorfer and *JPB* JP Batmale

SUBJECT: PACIFIC POWER: (Docket No. UM 1020) Staff review of the Blue Sky grant fund's proposed Category 2 project requesting voluntary funds.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve the renewable project receiving grant funding from Pacific Power's Blue Sky Community Grants program.

DISCUSSION:

Issue

Whether to approve the Category 2 renewable project receiving grant funding from Pacific Power's (PAC) Blue Sky Community Grant (BSCG) program.

Applicable Rule or Law

ORS 757.603 requires the electric utilities to provide a portfolio of rate options to residential customers. Commission Order No. 16-156 created a Renewable Fund Review Process which, in part, directed Staff to review renewable energy projects requesting more than \$400,000 in voluntary grant funds from PAC's BSCG program. The Order further adopted Staff's Renewable Review Process for reviewing and processing such projects.

In Order No. 17-289 the Commission adopted with amendments, Staff's recommendation to limit awarding of grant funds to non-profits from the utilities' voluntary renewable programs.

In Order 17-455, for the purpose of voluntary renewable programs, the Commission adopted the definition of non-profits to include any mutual benefit corporation, public benefit corporation, religious corporation, municipal corporation, or Indian Tribe as defined by Oregon Law. The Order further adopted criteria for awarding grants to for-profit entities in that all for-profit applications will be subjected to the same evaluation as nonprofit organizations requesting greater than \$400,000, regardless of the amount requested.

Analysis

Background

The voluntary green power programs of Portland General Electric (PGE) and PAC are, in part, designed to collect funds that the companies can issue as grants to eligible renewable energy projects. In this way the voluntary programs contribute directly to the development of new renewable resources that would not have otherwise been built. These grant programs are broadly overseen by the Portfolio Options Committee (POC).

In Order No. 16-156 the Commission approved a Renewable Fund Review Process (Review Process) for projects requesting voluntary grant funds. As a result, Staff and the utilities established two categories of projects.

Projects providing funding to non-profit entities and seeking \$400,000 or less from the RDF program would be considered as Category 1 projects.¹ Staff would conduct a brief review of these Category 1 projects.

Projects providing funding to for-profit entities² and/or seeking more than \$400,000 from the RDF would be considered Category 2 projects. All Category 2 projects would be reviewed by the Commission for approval before utilities issue RDF funding to the projects. Staff and the utilities also established criteria for approving Category 2 projects.³

Project Summary

In January 2019, PAC submitted ten Category 1 projects for review by Staff and one Category 2 project for review and approval by the Commission. The Category 2 project seeking RDF grants is the Astoria Co-op Grocery. The Astoria Co-op Grocery is

¹ See Commission Order No. 17-455, Appendix A, Page 3. Definition of a non-profit entity for the purpose of voluntary renewable programs, to include any mutual benefit corporation, public benefit corporation, religious corporation, municipal corporation, or Indian Tribe as defined by Oregon Law.

² See Commission Order No. 17-455, Appendix A, Page 4.

³ See Commission Order No. 16-156, Appendix A, Page 7.

designated as a category 2 project relating to its operating as a for-profit entity, as the grocery store is a private cooperative. This project is seeking \$48,385 in funding from the RDF program. The project meets the eligibility criteria established in Order No. 17-455.⁴

The table below provides a very brief synopsis of the Category 2 project.

Project	Technology	kW Installed	RDF Grant \$	Total Project Cost	Project Cost Per Watt ⁵	RDF Grant as % of Total Project Cost
Astoria Co-op Grocery	Solar	57	\$48,385	\$138,243	\$2.41/W	35%

This for-profit project passes the RDF screens for a Category 2 project established by PAC and Commission Staff.^{6,7} Further, none of the Renewable Energy Certificates (RECs) associated with these projects will be sold. The Astoria Co-op will retain the RECs and have committed to not sell them.

As part of the Category 2 approval, PAC must work with the applicant to demonstrate that the project contains distinct public benefit components and the proposed RDF funds are supporting a new project. Below are a few of the highlights for the project:

- Community Benefits
 - The project will be installed on a new building that will include energy efficiency features such as additional insulation, LED lights, and high efficiency refrigeration.
 - Utility bill savings will be passed on to Co-op members.
 - The Co-op's mission is to build community through access to healthy and local foods. The proposed solar project will help to reduce operational costs. Additionally, the Co-op is located in Clatsop County, the second poorest county in Oregon.

⁴ See Commission Order No. 17-455, Appendix A, Page 5.

⁵ For reference, the benchmark commercial system cost is \$1.85/W as provided in the 2017 Q1 data from NREL's report. 'US Solar Photovoltaic System Cost Benchmark,' September 2017, page 32.

⁶ See Commission Order No. 16-156, Appendix A, Page 7.

⁷ For PAC's Evaluation & Selection Criteria for the BSCG program see Appendix A of this document.

- The Co-op was founded in 1974 as a community-owned grocery store and currently has approximately 3,000 customers.
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- RDF Recognition
 - The project will provide RDF recognition through educational signage in the store and on the Co-op website.
 - The new Co-op member information packet includes a sustainability section that will be supplemented to include annual solar savings.

Staff finds that the Astoria Co-op project has tangible economic benefits along with non-energy benefits to the community and environment. Further, funding of the project provides additionally; Blue Sky funding is necessary for the project to proceed as specified. Staff concludes that the RDF program funds are being spent on a project that meets the RDF screens established by PAC and Commission Staff as provided in Appendix A of this document.

Conclusion

Staff believes that PAC selected an appropriate for-profit project to fund with voluntary program participant funds and that this project should be approved to receive RDF program funding in the amounts listed in Table 1.

PROPOSED COMMISSION MOTION:

Staff recommends that the Commission approve the Category 2 renewable project receiving grant funding from Pacific Power's Blue Sky Community Grants program.

Appendix A: PAC's Evaluation & Selection Criteria for Blue Sky Community Grants program⁸

Applications are evaluated by a diverse team of Pacific Power experts and a third party renewable energy consultant. Evaluation is based on the application materials and an interview with the project team and project contractor/engineer.

After screening for requirements and eligibility, applications are graded on renewable energy project feasibility/readiness, costs, financing, additionality and community benefits and Blue Sky exposure. The evaluation methodology considers the following criteria, among others:

Evaluation criteria	High-level summary of metrics
Project Feasibility/Readiness	<p>Technology – How appropriate is the proposed renewable energy technology/design for the site?</p> <p>Readiness – How far along is the renewable energy project in the development process? How feasible is the project plan and installation timeline?</p> <p>Capability – How adept and motivated is the project team?</p>
Costs, Financing and Additionality	<p>Cost – How complete and competitive is the budget? Is the Blue Sky funding request reasonable?</p> <p>Financing – How feasible is the financing model? What is the level of confidence that the project will be fully financed in the required timeframe?</p> <p>Additionality – Are Blue Sky funds required for the project to be successful?</p>
Community Benefits and Blue Sky Exposure	<p>Community impact – How much will the renewable energy project benefit the community, local economy and renewable energy industry?</p> <p>Education – How physically visible is the project? How robust is the education plan?</p> <p>Recognition – How robust is the plan to recognize Blue Sky customers for their contribution?</p>

⁸ Link to PAC website reference: <https://www.pacificpower.net/env/bsre/cpf/ed.html>

Preferred project characteristics

In addition, additional weighting is provided for projects that:

- Advance new and emerging technologies, including renewable energy systems tied to electric vehicle charging, energy storage systems or microgrid applications.
- Target underserved populations (low income or rural)
- Contribute to community resiliency and disaster preparedness
- Provide robust education and public engagement plans
- Are sponsored by a Blue Sky customer and/or community
- Use local labor and materials
- Have a host that is financially invested in the project. We recommend using the Database of State Incentives for Renewable Energy (DSIRE) as a resource to identify other funding opportunities applicable to your project.