

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 18, 2018

REGULAR  CONSENT  EFFECTIVE DATE December 18, 2018

DATE: December 10, 2018

TO: Public Utility Commission

FROM: Thomas Familia <sup>TF</sup>

THROUGH: Jason Eisdorfer and JP Batmale <sup>JPB</sup>

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1020) Staff review of the Renewable Development Fund's two proposed Category 2 projects requesting voluntary funds.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve two renewable projects receiving grant funding from Portland General Electric Company's (PGE) Renewable Development Fund (RDF) program.

**DISCUSSION:**

Issue

Whether to approve the two Category 2 renewable projects receiving grant funding from PGE's RDF 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 PGE's RDF. The Order further adopted Staff's recommendation to approve PGE's RDF Guidelines delineating the Company's procedures 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.<sup>1</sup>

## Analysis

### *Background*

The voluntary green power programs of PGE and Pacific Power (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 PGE's RDF eligibility guidelines and also approved a Renewable Fund Review Process (Review Process) for projects requesting voluntary grant funds. As a result, Staff and PGE established two categories of projects. Projects providing funding to non-profit entities<sup>2</sup> and seeking \$400,000 or less from the RDF program would be considered as Category 1 projects and would only be reviewed by Commission Staff. Projects providing funding to for-profit entities<sup>3</sup> 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 PGE issues RDF funding for the projects. Staff and PGE also established criteria for approving Category 2 projects.<sup>4</sup>

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<sup>1</sup> For PGE's Additional Criteria relating to For-Profit Grant Applicants see Appendix A of this document or as originally set forth in Commission Order No. 17-289, Appendix A, Page 5

<sup>2</sup> 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.

<sup>3</sup> See Commission Order No. 17-455, Appendix A, Page 4.

<sup>4</sup> See Commission Order No. 16-156, Appendix A, Page 7.

*Project Summaries*

In September 2018, PGE submitted 12 Category 1 projects for review by Staff and two Category 2 projects for review and approval by the Commission. The two Category 2 projects seeking RDF grants are:

- DPI Specialty Foods, DPI Specialty Foods Solar Installation (Tualatin) – for-profit
- City of Beaverton, Beaverton Public Safety Center Solar (Beaverton) – over \$400,000

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

Project	Technology	kW Installed	RDF Grant \$	Total Project Cost	Project Cost Per Watt <sup>5</sup>	RDF Grant as % of Total Project Cost
DPI Specialty Foods	Solar	1,432	\$346,500	\$2,164,980	\$1.51/W	16%
City Of Beaverton	Solar	302	\$509,589	\$1,074,589	\$3.56/W	47%

In total, these two projects are seeking \$856,089 in funding from the RDF program. Both of the projects meet the eligibility criteria established in Order No. 17-455.<sup>6</sup> The amount of funds being sought represents 17.7% of the \$4.9 million in RDF program funds currently available.

Both projects pass the RDF screens established by PGE and Commission Staff.<sup>7,8</sup> None of the Renewable Energy Certificates (RECs) associated with these projects will be sold. The City of Beaverton and DPI Specialty Foods will retain the RECs and have committed to not sell them. In addition, each project contains a distinct public benefit component and the proposed RDF funds are supporting new projects. Below are a few of the highlights for each project:

City of Beaverton:

- Community Benefits
  - The solar array will supply renewable energy to the building and will supplement the back-up diesel generator during power outages. The

<sup>5</sup> 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.

<sup>6</sup> See Commission Order No. 17-455, Appendix A, Page 5.

<sup>7</sup> See Commission Order No. 16-156, Appendix A, Page 7.

<sup>8</sup> For PGE's Additional Criteria relating to For-Profit Grant Applicants see Appendix A of this document or as original set forth in Commission Order No. 17-289, Appendix A, Page 5.

project will also provide community benefits by reducing operating costs for the City.

- Furthering the Development of emerging technologies
  - The project team is in conversations with PGE about the potential for the BPSC project to participate in the utility's new Microgrid Pilot Project (pending the current Commission approval process).
- RDF Recognition
  - The project will provide RDF recognition on the information kiosk, the City website, and in all media about the project. A ground-breaking celebration is planned for late 2018 to early 2019, and a grand opening in early 2020.

#### DPI Specialty Foods:

- Community Benefits:
  - A portion of the project costs will go towards training and education through non-profit trade groups from the local area, including Constructing Hope, Portland Youth Builders, and Oregon Tradeswomen.
- Furthering the Development of emerging technologies:
  - Beginning in 2016, DPI Specialty Foods has worked to transform the Tualatin facility from a utility-and-diesel powered location to a modern, efficient and renewable-energy facility. In order to reduce diesel fuel consumption from their fleet of temperature-controlled trailers, the company has replaced a number of its fleet with hybrid electric and all-electric trailers. The proposed 1.43 MW solar array will supply solar electricity to the company's warehouse facility as well as the electric trailers.
- RDF Recognition
  - The project will provide RDF recognition by installing a vinyl wrap on five of the new electric trailers with details about the project, hosting a ribbon-cutting ceremony with local media, and including information on the websites of DPI Specialty Foods, DPI Solar, and Clean Future.

Staff finds that these projects have tangible economic benefits along with harder to quantify non-energy benefits to the community and environment. Staff concludes that the RDF program funds are being spent on projects that meet the RDF screens established by PGE and Commission Staff. The process developed to review these projects prior to sending it to Staff worked well.

*Directing of Voluntary Funds Grant Funds to For-Profits*

Staff agrees with PGE assessment that there are unique benefits of the solar project proposed by DPI Specialty Foods, a for-profit institution. The Company's transition from diesel to hybrid electric and all-electric trailers is laudable, as well as its commitment to training and educating non-profit trade groups from the local area. However, as this annual review process proceeds over the coming years, Staff would maintain focus on Order No. 17-289, in which the Commission stated that utilities "generally limit the awarding of grant funds from the utilities' voluntary programs to non-profit organizations."<sup>9</sup> Staff research and stakeholder testimony has made visible the additional financing hurdles faced by Oregon Indian Tribes, 501(c)3 and other non-profit organizations, municipalities, universities, schools, and hospitals in developing renewable projects. While developing any renewable project can be difficult, Staff found that this is especially true for non-profits.<sup>10</sup> Staff would also note that the current market for commercial solar in Oregon appears to be robust.<sup>11</sup> As shared with Staff in a 3<sup>rd</sup> party review of DPI Specialty Foods RDF grant application, in the case the company receives a partial reward or does not receive a reward, the project would still move forward on a scaled-back basis. If the market for commercial solar remains positive, Staff believes the awarding of grant funds to for-profit entities should be limited relative to non-profits, given the fewer options of project financing available to non-profits.

Conclusion

Though Staff supports the award of grant funds from PGE's voluntary programs to for-profit entities only in limited circumstances, Staff believes that PGE selected two appropriate projects to fund with voluntary program participant funds and that these projects should be approved to receive RDF program funding in the amounts listed in Table 1.

**PROPOSED COMMISSION MOTION:**

Staff recommends that the Commission approve two renewable projects receiving grant funding from Portland General Electric Company's (PGE) Renewable Development Fund (RDF) program.

PGE RDF Approval.docx

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<sup>9</sup> For criteria relating specifically to for-profit grant applicants see Commission Order No. 17-289, Appendix A.

<sup>10</sup> Ibid, Appendix A, Page 5.

<sup>11</sup> See Energy Trust 2018 Q3 Report to the OPUC, pg. 14, November 15, 2018, regular agenda item at the December 4, 2018 OPUC Public Meeting.

**Appendix A: PGE's Additional Evaluation Criteria for For-Profit Grant Applicants<sup>12</sup>**

For-profit applicants are further evaluated on the following criteria:

1. Efficient use of all available funds.
  - Example: Utilizing the Federal Tax Credit and exhausting other funding sources.
  
2. Demonstrating a clear social benefit within the following realms:
  - Having a partnership with a non-profit.
  - Being a registered Benefit Corporation (B-Corp) or similar certification with an emphasis on the triple bottom line.
    - Example: LEED certified building, Entity is an employee owned cooperative.
  - Participating in a Green E certified renewable power program.
  - Utilizing local materials, labor, developers and resources.
  - Showing an obvious benefit to the community and local economy
    - Example: School curriculum, kiosk with public access, public tours, partnering with educational organizations.
  - Furthering the development of emerging technologies.
    - Example: Wave energy technology.
  
3. Submission of the full application from the third party evaluator.
  
4. Submission of the applicant's financial records.
  
5. Submission of the evaluator's report.

Additionally, all for-profit applications will be subjected to the same evaluation as nonprofit organizations requesting greater than \$400,000, regardless of the amount requested.

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<sup>12</sup> As Provided in Commission Order No. 17-289, Appendix A.