

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 23, 2021**

REGULAR CONSENT EFFECTIVE DATE _____ NA _____

DATE: February 16, 2021

TO: Public Utility Commission

FROM: Eric Shierman

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1020)
Renewable Development Fund Grant Approval.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) approve a renewable project receiving funding from Portland General Electric Company's (PGE or Company) Renewable Development Fund (RDF) program.

DISCUSSION:

Issue

Whether the Commission should approve a renewable project receiving Category 2 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 No. 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 PGE and PacifiCorp 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 may not have otherwise been built. These grant programs had been 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 for projects requesting voluntary grant funds. As a result, Staff and PGE 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 and would only be reviewed by Staff. Projects providing funding to for-profit entities 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.¹

Project Summary

In December 2020, PGE submitted eight Category 1 projects for review by Staff, and one Category 2 project for review and approval by the Commission. In January 2021, Staff received all the supporting documentation. The Category 2 project is for the Oregon Department of Administrative Service (DAS) Salem Motor Pool solar project, and summarized below.

| Project | Technology | kW | Grant \$ | Project \$ | Cost per Watt | Grant / Project |
|---------|------------|-----|-----------|------------|---------------|-----------------|
| DAS | Solar PV | 250 | \$416,610 | \$531,000 | \$2.12 | 78% |

¹ See Docket No. UM 1020, OPUC, PORTFOLIO OPTIONS PURSUANT TO ORS 757.603(2) and OAR 860-038-0220, Staff Report, December 10, 2018, p 2.

DAS is the central administrative agency of Oregon state government, with a mission to support state government agencies. The Salem Motor Pool consists of 100-120 light-duty vehicles available to state agencies and other entities with a service agreement. These include universities, Marion County, City of Salem, and other organizations. The site has a vehicle repair shop and parking office where state permits are issued. DAS plans to install 50 dual-head Level 2 electric vehicle (EV) chargers to support the planned transition of the fleet to EVs over the coming years.

This project was reviewed by the third-party organization Spark Northwest. After Staff review of the documentation from the third-party, Staff finds this project meets the requirements set forth in Order No. 16-156. However the project recipient, a state agency, does not fall squarely within the categories of recipients approved in Order No. 17-455, non-profit and for-profit entities. Staff believes this to be more of an oversight than an exclusion, and supports approval.

The project passes the RDF screens established by PGE and Commission Staff. PGE has not yet entered into a contract with DAS, but the Company informed Staff that the agreement will be similar to a template PGE shared with Staff.² The RECs will be retired on behalf of DAS, proportional to the customer's project cost share. PGE will claim and retire the remaining portion of RECs generated by the project. Neither the recipient of the grant nor PGE can sell these RECs.

Below are a few highlights of the project:

- Community benefits
 - Will be interconnected to PGE's grid
 - Develops a direct power source for an EV fleet
 - Installs solar PV and includes production monitoring equipment
- Educational benefits
 - Offers educational value where the ground mounted system of solar panels will be sited south of the motor pool's parking lot and highly visible to visitors and people passing by Airport Road but does not require dedicated outreach funding
 - Is positioned to educate government decision-makers and students as a case study for solar generation paired with an EV fleet

This project is less than 10 MW, will be completed in fewer than 18 months, and receives less than 33 percent of PGE's total RDF grant funds.

² Email from Casey Manley to Eric Shierman, "RE: DAS Motor Pool", February 11, 2021, p 1.

Staff finds that the project has tangible economic benefits as well as non-energy benefits to the community and environment. Staff concludes that the RDF program funds are being used to support projects that meet the RDF screens established by PGE and the Commission.

Staff recommends the Commission allow for the provision of this Category 2 RDF grant funding to a state agency and will be seeking a more permanent modification of the definition of a non-profit at a later time. We note that the definition of “non-profit entity” approved in Order No. 17-455 includes municipal corporations. This term encompasses most local government entities in Oregon, as defined in ORS 297.405 (5), but does not include state agencies. The grant requirements make a distinction between for-profit and non-profit organizations, because of tax status. The Commission has prioritized RDF grant eligibility to non-profits. However, RDF grant funds may also be awarded to a for-profit entity. Under either review process, this project would qualify. Based on this rationale, Staff finds a state agency such as DAS should also qualify for RDF funding, though not expressly identified in Order No. 17-455. Public bodies, including state agencies do not pay taxes, and awards to an entity in this category meet the intent behind the Commission’s definition in Order No. 17-455.

Conclusion

Based on the review of the project’s documentation, Staff concludes the DAS Salem Motor Pool solar project meets the Commission’s requirements for an RDF grant and should be approved as the recipient, a state agency, is similar in nature to an eligible non-profit entity, and further meets the requirements for even a for-profit entity. Staff recommends the Commission approve this Category 2 project for RDF grant funding.

PROPOSED COMMISSION MOTION:

Approve the Category 2 renewable project to receive funding from PGE’s Renewable Development Fund program.