

Renewable Energy Working Group Meeting
June 3, 2008 -- Roth's West Salem
Meeting Notes

Mike McArthur and Cylvia Hayes, Co-Chairs, welcomed the group and introductions were made. Mike noted that the Dave Van't Hof from the Governor's office would not be present but did express that they are looking forward to the REWG generating legislative concepts and that subcommittee work might be needed in order to get that done in short order. The group was also reminded that the Energy Efficiency Working Group (EEWG) is meeting every 2 weeks in order to develop their concepts. Cylvia noted that we should be in contact with the EEWG in order to make sure our proposals are in line with theirs and that there is no duplication of efforts.

The meeting consisted of presentations from working group members and stakeholders from several renewable energy industries. Most of the presenters had presentation materials which are posted on our website at <http://www.oregon.gov/ENERGY/RENEW/REWG-Meetings.shtml> I will briefly summarize some of the key points and discussion items below.

Addressing Barriers to Renewable Energy Projects

Robert Grott, NW Environmental Business Council, stated that there are various project financing barriers for renewable development. He provided a list of suggested support mechanisms, see http://www.oregon.gov/ENERGY/RENEW/docs/Grott-REWG_Presentation.pdf for the complete presentation.

One suggestion was similar to the proposed Community Renewable Energy Feasibility (CREF) program. Diana Enright noted that the Oregon Department of Energy has been directed by a Governor's Executive Order to establish the CREF Program to support feasibility studies for renewable energy projects, and that the funding for this program has been made through a grant from the Oregon Department of Justice. ODOE does not have authority to use the program-allocated funds and needs legislative authorization. They will be bringing this before the E-Board in late June. Mike stated that the REWG co-chairs submitted a letter showing their support of CREF. Additionally Robert covered suggestions for enhancing the flexibility of BETC (such as allowing one year options), improving regulatory assistance, information access, and workforce development. Klickitat County's Energy Overlay Zone was cited as a good model for providing clear up front information prior to project permitting.

Solar Energy Working Group Status Report

Christopher Dymond, Oregon Department of Energy, spoke on behalf of the SEWG. The group has a vision that Oregon will meet 2% of its electricity needs using solar before 2025 and become a major manufacturer of solar energy equipment. The top priorities to help reach this goal relate to stability of incentives, and workforce and manufacturing support. The full report is located on the web at: <http://www.oregon.gov/ENERGY/RENEW/REWG-Meetings.shtml>

Small Hydro Update

Jan Lee, NW Hydro Association, discussed low-impact, small, and micro hydro. Her working group would like to see RETC expanded to include small hydro, with a \$3000 cap. She noted that other barriers to small hydro project development are a lack of technical assistance staff in state agencies and lack of a one-stop center for processing applications. The amount of paperwork needed for even tiny projects is excessive. The Federal Energy Regulatory Commission (FERC) has regulatory authority over many hydro projects but it might be helpful if the state could have the responsibility for these small, low-impact projects.

Geothermal Energy in Oregon

Alex Sifford, Sifford Energy Services, presented an update on geothermal activity in Oregon. He displayed a map showing the current direct use of geothermal heat. He described 3 different projects that are currently underway to explore for geothermal for electricity generation – Neal Hot Springs, Crump, and Newberry. Two of these projects are on private land and one is on public land. There is new in interest in geothermal energy in Oregon. He stated that the technology has made great progress and now electricity can be generated with much lower hot water temperatures. The particular issues affecting project development are making sure to involve public at an early stage, awareness and implementation of environmental precautions, and awareness of federal land management laws. He suggested that the REWG should make sure to include federal agencies when discussing geothermal issues. Alex’s presentation is found at: <http://www.oregon.gov/ENERGY/RENEW/REWG-Meetings.shtml>. Group members noted that direct use of geothermal heat (especially heat pumps) should be more widely incentivized because it is a great resource.

Wind Energy Update and Written Comments

Robin Straughan, Oregon Department of Energy, presented information from Carel deWinkel who was not able to attend. Carel noted that the biggest barrier for community wind project development is a lack of turbine availability. For large, utility scale projects, the barriers are potential for cumulative impact on wildlife and habitat, zoning restrictions, EFSC application processing time, and lack of transmission in key windy areas. ODOE staff is currently working with other agencies and NGOs to develop guidelines for minimizing and reducing wind energy’s potential impact to avian and bat species.

Written comments were submitted from some working group members and they are found online at http://www.oregon.gov/ENERGY/RENEW/docs/legislativeconcepts_May08_CDW.pdf. It was noted that the issue of energy storage technologies should be on the table for further discussion. Additionally it was noted that some counties have zoning laws prohibit tall structures and these are limiting the installation of small wind turbines.

Electric Service Supplier Clarification

Lori Koho, Oregon Public Utility Commission, presented a draft legislative concept put forth by the PUC. This would clarify the definition of Electronic Service Suppliers (ESS) to allow 3rd party ownership of solar and wind energy devices for the purposes of extending the tax incentives to the outside owner. Oregon’s net metering law works well when the occupant is the generator and sells to a utility. However, with new financing models (the “flip” model) and 3rd party ownership, there is ambiguity in the way the law is interpreted. She noted that currently Honeywell and PacifiCorp are preparing a petition for a Declaratory Ruling on ESS from the Commission. Members noted that this uncertainty in the definition has halted many projects that were planned and it needs to be resolved soon for these projects to be completed and receive incentives for this year. Lori stated that the Commission understands the urgency of this matter and intends to act quickly after the petition is submitted. This ruling will not include renewable resources other than solar and wind. The PUC’s draft legislative concept is online at: <http://www.oregon.gov/ENERGY/RENEW/REWG-Meetings.shtml>.

Wave Energy Update

Robin Hartmann, Wave Energy Working Group, explained the organization of the various working and advisory groups trying to bring responsibly-developed wave energy to the Oregon coast. She stated that the proposed sites for wave energy generation are the same sites that are best for the commercial crabbing industry (sandy bottom sites, near ports, within 3 miles of

shore, etc). Some of the earliest proposed projects are now off the table. The working groups are looking at potential for direct ocean bottom impacts, ecological impacts, cumulative effects of multiple wave energy parks, getting additional state leverage in the siting process (currently under FERC jurisdiction), and ways to work cooperatively with the commercial fishing industry. She stated that the Oregon Wave Energy Trust (OWET) is submitting a proposal to the US Department of Energy to do work in Oregon that will help inform the federal regulatory process on wave energy permitting. OWET may look to the REWG for a letter of support.

Wind Integration Update

Elliot Mainzer, BPA, discussed transmission and integration issues related to expanding their system to include wind energy. He stated that it is important to remember that wind is an energy resource, not a capacity resource. Elliot explained how the variability of wind creates uncertainty in the way the Balancing Area operates, but the system is also becoming more flexible. Geographical diversity of the wind plants as well as more cooperation among the northwest's 17 balancing areas is important. BPA is currently initiating a transmission open season and will be completing a transmission cluster study after all of the signatures come in for the proposed projects. This is a new way to look at transmission expansion and also alleviate the congestion in the queue. To see the complete presentation, please visit:

http://www.oregon.gov/ENERGY/RENEW/docs/Mainzer-REWG_Presentation.pdf

Public Comment

Toby Kinkaid, Solaradyne.com, shared concerns with a lack of research and development efforts in Oregon. He also expressed concerns with the Energy Trust of Oregon's hiring of contractors and their budget. Peter West provided explanation about the ETO's budget and practices.

Doug Riggs, Idatech, stated that they are an Oregon company that manufactures fuel cells that provide critical back up power. Their fuel cells are an efficient, clean technology that can run on a number of fuels, including biodiesel, ethanol, methanol, and hydrogen. He noted that 5 states have adopted laws that certify fuel cell technology as renewable, since renewable resources can power them. Doug will provide example legislation to the REWG for consideration.

Focus Areas for Legislative Concepts

We had a thorough discussion about the opportunities and barriers that would be good areas to focus on for legislative concepts. Now we need input from REWG members and others in the renewable industry in order to complete and compile detailed information for formulating legislative concepts. This is a critical task as many of these issues are very important to expanding the development of renewable energy in Oregon. A "REWG Survey" document will be sent out and posted on the website the week of June 9th. Please forward to any others that can provide input. Any suggestions or draft concepts should be submitted to Robin at robin.straughan@state.or.us no later than close of business on Wednesday, June 18, 2008.

NEXT MEETING

The next REWG meeting will be set in early-mid July in Salem. Additionally, a REWG subgroup will be meeting in Salem on June 24th in order to prioritize and refine any legislative concepts that the group wishes to submit before the deadline.

Update post-meeting: Final legislative concepts will be due to ODOE by July 7th and will be submitted to Legislative Counsel by July 14th.