



Oregon

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To: Energy Facility Siting Council

From: Todd Cornett, Assistant Director/Council Secretary

Date: August 7, 2020

Subject: Agenda Item E (Information Item and possible Action Item):
EFSC Appointment Process for The Climate Trust's Oregon Offset Committee –
for the August 21, 2020 EFSC Meeting

BACKGROUND

The Climate Trust (TCT) is the sole “qualified organization” to be eligible to receive offset funds related to the Council’s Carbon standard. In order for The Climate Trust to be a “qualified organization” they must meet several requirements that are established in rule and statute. One of those requirements is listed in OAR 345-001-0010(49)(c)(B), the definition of a “qualified organization.”

*Require that decisions on the use of the offset funds are made by a decision-making body composed of seven voting members **of which three are appointed by the Council (emphasis added)**, three are Oregon residents appointed by the Bullitt Foundation or an alternative environmental nonprofit organization named by the body, and one is appointed by the applicants for site certificates that are subject to OAR 345-024-0550, 345-024-590, and 345-024-0620 and the holders of such site certificates; and*

Previously, the Council would make the three appointments to the TCT Board. Since TCT has expanded the scope of their organization beyond activities related to the Council’s carbon standard, the body that now makes the decision regarding offset funds is the Oregon Offset Committee (OOC).

The Council’s current three appointments to the OOC are:

1. Ryan McGraw – Formerly the President of Orion Energy Group, currently Vice President, Project Development, PacifiCorp. Appointed on April 27, 2018 with a term expiration of April 27, 2022.

2. Brad Hunter – Vice President & Senior Business Lender with Craft3. Appointed on April 27, 2018 with a term expiration of April 27, 2022.
3. Arya Behbehani – General Manager of Environmental and Licensing Services with Portland General Electric. Re-appointed on July 1, 2018 with a term expiration of June 30, 2022.

Mr. McGraw will be moving out of state and will need to be replaced in the coming months.

Council was provided the above information and the Council appointment options below during the Council Secretary Report at the July 24, 2020 Council meeting. However, before determining which option to pursue, Council members requested more information related to the time duties and time commitment associated with being appointed to the OOC. The following information was provided by Sheldon Zakreski, Executive Director of TCT.

- Summary of the OOC responsibilities and how it interacts with the TCT Board - The OOC's responsibility is to basically approve offset purchase contracts where The Climate Trust potentially intends to use monetary payment funds to purchase offsets. Therefore, TCT cannot commit CO2 Standard Offset Funds to a purchase contract or disburse those funds without first securing the approval of the OOC. This role is codified in TCT's bylaws and articles of incorporation. Additionally, our bylaws specify that we need Board approval to enter into offset purchase contracts. To date, every member of the OOC has also been a TCT Board member so we've had a streamlined offset purchase contract approval process. Should we have a situation going forward where an OOC member is not also on TCT's Board, our process would be to secure both OOC approval and Board approval before committing and spending funds towards the purchase of offsets.
- Frequency of OOC meetings - We try to do this quarterly as part of our quarterly board meetings, but contract approval is often done on a milestone basis (ie when we complete negotiations and have contracts requiring approval). If we have an OOC member who is not a Board member, we would have the OOC member call in during the point we get to contract approval. Additionally, we will sometimes set up specific calls to review and approve contracts. We also do a vote by email adhering to ODOJ regulations governing non-profit org "actions without a meeting" procedure. Basically, this approach requires a majority of yes votes and an open voting period of at least 48 hours. My guess is we do about 2-3 call\Board meeting approvals per year and 3-4 email approvals per year. We can also adapt our process and skip the email vote if we have an OOC member who is not a Board member so that person can get up to speed.
- Average time commitment per meeting including reviewing materials and meetings for OOC members - TCT has a set of pre-approved contracting guidelines. Our approach for approval is to go over the sections of the contract that deviate from the guidelines and why this is justifiable. The materials we provide include: i) our current guidelines; ii) a contract summary form that describes the business terms of the deal and section by section checklist on adherence to and\or exceptions to the guidelines; and iii) a copy of

the contract with changes tracked against the initial version. My guess is checklists can be reviewed in 30-60 minutes. Note that we consider our contracts confidential information and our NDAs with the project suppliers reflect that so we'd expect any OOC member to not only sign a NDA with TCT, but a Conflict of Interest form so the member can disclose and recuse themselves if they have a conflict.

Council Appointment Options

The Council has several options regarding Mr. McGraw's replacement. The following options are not in order of preference.

1. Appoint from The Climate Trust Board – Mr. Zakreski indicated there is some interest from current board members to participate on the Oregon Offset Committee. Those names and bios could be provided to Council members at a future meeting for their review and appointment choice.
2. Appoint a Council Member – In the past, Council members have volunteered and been appointed to serve one of the three positions. In addition to receiving an annual update from The Climate Trust, this allows for the appointed Council member to provide updates to the other Council members. The Council could appoint a Council member today if one or more members were interested in volunteering.
3. Conduct a Solicitation – Mr. McGraw and Mr. Hunter were appointed following a solicitation conducted by the Department for those interested in serving on the Oregon Offset Committee. Resumes and cover letters were provided, and Council conducted an evaluation during a Council meeting prior to voting on those who would be appointed. Staff could conduct a similar solicitation and provide the information to Council members at a future meeting for their review and appointment.

STAFF RECOMMENDION

Staff has no recommendation on which option the Council should choose. The Council may also choose another appointment option not provided.