

July 21, 2017

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UM 1020 – PacifiCorp’s Comments

PacifiCorp d/b/a Pacific Power (PacifiCorp) provides the following comments regarding Public Utility Commission of Oregon Staff’s recommendations on the appropriateness of commingling voluntary program funds in its public meeting memo dated July 18, 2017.

PacifiCorp appreciates Staff’s thoughtful review and consideration of the appropriateness of commingling funds from voluntary programs with funds collected from all ratepayers through general tariffs to support renewable energy projects. Further, the company recognizes Staff’s consideration of PacifiCorp’s feedback on limiting the awarding of voluntary grants solely to non-profits reflected in its July 18, 2017 memo.

PacifiCorp offers the following brief comments to improve Staff’s recommendations based on its experience of administering the Blue Sky Community Grant fund for over a decade.

PacifiCorp’s current Blue Sky funding evaluation criteria can account for Staff’s concerns on exemptions for private enterprises receiving voluntary grant funds

PacifiCorp agrees with Staff that criteria should be used when deciding to award grant funds to entities other than non-profits, but argues that the existing criteria used to evaluate projects for grant funding is already effective and adequate for this purpose and should continue to be used. Indeed, in the past 11 years of Blue Sky grant funding, only two out of 100 projects that received funding were private-sector projects.

PacifiCorp has developed a robust, impartial evaluation and selection process, supported by an independent third-party. Evaluation criteria compare the applicant pool based on over 100 project elements, which includes a strong weight for the organization’s need for funding support. This multi-faceted evaluation system accounts for all funding sources that are available to the applicant when scoring the project’s need for funding support, which includes tax incentives, Energy Trust of Oregon incentives, state and federal grants, and existing mandates to spend capital funds on renewable energy projects (e.g., Oregon’s 1.5 Percent for Green Energy Technology law). These measures, along with other measures such as the ability to put savings back into the community, typically skew high-scoring projects toward the non-profit, public, and


tribal organizations that Staff recommend for exclusive eligibility. PacifiCorp sees little value in preventing Blue Sky customers from supporting private-sector projects that score highly on these metrics.

As a result, PacifiCorp recommends the continued use of the existing grant funding criteria for evaluating renewable projects for voluntary fund grant awards. If a private-sector project should manage to score highly on these criteria and be considered for grant funding, then PacifiCorp will notify Staff and discuss the public interest of the proposed project. Attached to these comments are the current Blue Sky Funding Evaluation Criteria and a listing of all project fund awards since 2006. As previously mentioned, out of the 100 projects that received grant awards, only two were private-sector projects.

PacifiCorp notes that the recommended change to limit grant funding to non-profits appears to be outside the scope of the Commission's directive in Order No. 16-123 that directed Staff "to revisit the appropriateness of commingling funds collected from ratepayers participating in the Order voluntary program with funds collected from all ratepayers through general tariffs."¹ Should the Commission consider Staff's recommended change at this time, PacifiCorp asks that the discussion included in these comments also be considered.

PacifiCorp appreciates the opportunity to provide these comments. Please direct any questions on this filing to Natasha Siores, Manager, Regulatory Affairs at (503) 813-6583.

Sincerely,



Etta Lockey
Vice President, Regulation

Enclosure

¹ Order No. 16-123 at 1.

CERTIFICATE OF SERVICE

I certify that I served a true and correct copy of PacifiCorp's Comments on the parties listed below via electronic mail and/or or overnight delivery in compliance with OAR 860-001-0180.

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Dated July 21, 2017.



Jennifer Angell
Supervisor, Regulatory Operations

ATTACHMENT

Current Blue Sky Funding Evaluation Criteria

Addendum:

Current Blue Sky Funding Evaluation Criteria

Project requirements

- Project must be new or a new addition to existing project using new equipment.
- Grid-connected following interconnection guidelines as established by Pacific Power (for small generation projects, typically smaller than 25 kilowatts, a net meter is required)
- Site served by Pacific Power (located in Pacific Power's service area)
- Locally-owned
- Non-residential
- Capacity less than 10 MW
- Completed within one year of notice of award. If project is associated with the construction of a new building or structure, a one-year extension may be considered on a project-by-project basis.
- Equipped with electronic monitoring system to collect inverter energy production data for a period of at least five years. The monitoring system must consist of a production history electronic database and a public web link to be added to Pacific Power's website for educational purposes.
- Applicants are expected to enroll as a Blue Sky business partner as of the date the funding award agreement is signed. Installations that provide direct financial benefit to a for-profit business may be considered, but only if the organization is a Blue Sky participant at the Visionary level.

Funding is not available for:

- Off-grid projects
- Heat generation systems - geothermal, passive solar, solar thermal or biomass
- Residential installations
- Projects that have received funding through other Pacific Power's programs such as the Oregon Solar Incentive Program and the California Solar Incentive Program. *Pending OPUC decision: Projects that receive funding from the Energy Trust of Oregon may not eligible for Blue Sky funds.*
- Activities not directly related to the capital costs of new renewable energy systems, such as:
 - Structural improvements or other site preparation that would be considered general facilities maintenance (e.g. re-roofing, upgrading an overloaded electrical panel, tree removal or trimming, construction of a carport or other facility that will host the renewable energy equipment). Site preparation activities that are only required for the renewable energy project and are otherwise not required for general facility maintenance (e.g., ballast rock removal, roof reinforcement, trenching a new wire run exclusively for the solar array), may be considered an eligible expense on an individual basis.
 - Administrative or project management cost

- Construction bond costs, interest and warranty charges
- Ongoing system or facility maintenance or repair costs
- Donated, in-kind or volunteer labor or materials
- Engineering/design costs incurred to date (e.g., site evaluations, estimates/bids)
- Interconnection studies
- Advertising and marketing, other than approved on-site educational signage

Evaluation & Selection

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>

Funding awarded to projects with:

- Strong likelihood for project success/completion
- High level of outreach/ educational benefits about renewables and the Blue Sky program
- Financial structure – reasonable cost-per-watt (ranges reviewed by industry experts annually), efforts to seek additional funding, etc.
- High visibility and community participation in the program; the ability to build regional capability and further clean energy technologies

Since 2006, Blue Sky community project funds have been awarded to two private projects. See below for complete list of all funded projects since 2006.

Year	Project	Organization Type	City	State	Technology
2006	Bend Centennial Parking Plaza	Government building	Bend	OR	Solar
2006	Hartman Ranch	Private	Malin	OR	Solar
2006	Redmond Municipal Airport	Government building	Redmond	OR	Solar
2007	City of Astoria Feasibility Study	Government building	Astoria	OR	Wind and Hydro
2007	Oregon Tech - Lake County Fairgrounds Renewable Energy Demonstration Park	Public Space	Lakeview	OR	Solar and Wind
2007	Port of Portland De-icing Center	Government building	Portland	OR	Solar
2007	OSU Wave Energy Linear Test Bed	School	Corvallis	OR	Wave Energy
2008	City of Albany Hydro Project	Government building	Albany	OR	Low Impact Hydro
2008	Confederated Tribes of Warm Springs - Media Center	News and media	Warm Springs	OR	Solar
2008	Mountain Laurel Lodge	Low-income/affordable housing	Bend	OR	Solar
2008	Oregon Dept. of Admin - Pendleton Solar Project	Government building	Pendleton	OR	Solar

Year	Project	Organization Type	City	State	Technology
2008	Oregon Tech - Geo Heat Center #1	School	Klamath Falls	OR	Geothermal
2008	Coho Housing Condominium Association	Mixed use development	Corvallis	OR	Solar
2008	W.E. Miller Elementary School	School	Bend	OR	Solar
2008	White Oak Farm & Education Center	Animals and nature	Williams	OR	Solar
2008	OSU - Optical Motion Tracking System	School	Corvallis	OR	Wave Energy
2009	Coos Bay Visitor Center	Government building	Coos Bay	OR	Solar
2009	Pioneer School	School	Portland	OR	Solar
2009	Port of Hood River - Halyard Building	Government building	Hood River	OR	Solar
2009	Roseway Gregory Heights School	School	Portland	OR	Solar
2009	Scott Elementary	School	Portland	OR	Solar
2009	Wallowa County Fairgrounds	Public Space	Enterprise	OR	Solar
2009	City of Corvallis Fire Station #4	Public Safety	Corvallis	OR	Solar
2010	Josephine County Fairgrounds - Floral Building	Public Space	Grants Pass	OR	Solar
2010	Legacy Emanuel Health Center	Public Health	Portland	OR	Solar
2010	Martha Young Family Service Center	Youth and Family Services	Roseburg	OR	Solar
2010	May Street Elementary School	School	Hood River	OR	Solar
2010	Myrtle Point Food Hub	Food Bank	Myrtle Point	OR	Solar
2010	OSU - WESRF Wind Research	School	Corvallis	OR	Wind
2010	City of Independence - Civic Center	Public Space	Independence	OR	Solar

Year	Project	Organization Type	City	State	Technology
2011	City of Corvallis - Fire Station #1	Public Safety	Corvallis	OR	Solar
2011	City of Pendleton - WWTP	Government building	Pendleton	OR	Biogas
2011	City of Roseburg - Public Safety Center	Public Safety	Roseburg	OR	Solar
2011	Jason Lee K-8 School	School	Portland	OR	Solar
2011	Joyce Morgan Regional Food Bank	Food Bank	Roseburg	OR	Solar
2011	RVIMA - Net Zero Parkinglot - Phase 1	Government building	Medford	OR	Solar
2011	Wallowa County Integrated Biomass Energy Center	Government building	Enterprise	OR	Biomass
2012	Linn County Expo Center	Public Space	Albany	OR	Solar
2012	Deschutes County Fairgrounds	Public Space	Redmond	OR	Solar
2012	June Key Delta Community Center	Public Space	Portland	OR	Solar
2012	Lakeview 4H/FFA Farm Learning Center	Public Space	Lakeview	OR	Solar
2012	RVIMA - Net Zero Parkinglot - Phase 2	Government building	Medford	OR	Solar
2012	South Coast Food Share	Food Bank	Coos Bay	OR	Solar
2012	Tamastslit Cultural Institute	Museum	Pendleton	OR	Wind
2012	Turtle Island Foods - Tofurky Headquarters*	Private	Hood River	OR	Solar
2013	City of Corvallis - WWTP	Government building	Corvallis	OR	Solar
2013	Bend Parks and Recreation District	Public Space	Bend	OR	Solar
2013	City of Astoria - Bear Creek Reservoir	Government building	Astoria	OR	Hydro

Year	Project	Organization Type	City	State	Technology
2013	Coyote Trails Nature Center	Animals and nature	Medford	OR	Solar
2013	Hood River Valley High School	School	Hood River	OR	Solar
2013	Lava Ridge Elementary School	School	Bend	OR	Solar
2013	Oregon Army National Guard - Pendleton Army Air Support Facility	Military	Pendleton	OR	Solar
2013	Oregon Tech - Geo Heat Center #2	School	Klamath Falls	OR	Geothermal
2013	PCRI - Maggie Gibson Plaza	Mixed use development	Portland	OR	Solar
2013	St. Mary's School	School	Medford	OR	Solar
2013	The Next Door, Inc.	Youth and Family Services	Hood River	OR	Solar
2013	U of O - Charleston Marine Life Center	Museum	Charleston	OR	Wind
2014	Bend First United Methodist Church	House of worship	Bend	OR	Solar
2014	Bend Habitat ReStore	Low-income/affordable housing	Bend	OR	Solar
2014	Central Oregon Community College - Redmond Campus	School	Redmond	OR	Solar
2014	Greenleaf Industries	Animals and nature	Grants Pass	OR	Solar
2014	Ironhorse Lodge	Low-income/affordable housing	Prineville	OR	Solar
2014	Oregon Convention Center	Public Space	Portland	OR	Solar
2014	RVIMA - Net Zero Parkinglot - Phase 3	Government building	Medford	OR	Solar

Year	Project	Organization Type	City	State	Technology
2014	Tamastsligt Cultural Institute	Museum	Pendleton	OR	Solar
2015	Corvallis Municipal Airport	Government	Corvallis	OR	Solar
2015	Oregon Army National Guard - Nesmith Readiness Center	Military	Dallas	OR	Solar
2015	Josephine County Food Bank (UCAN)	Food Bank	Grants Pass	OR	Solar
2015	Mt. Ashland	Community or Recreation Space	Ashland	OR	Solar
2015	Nancy Devereux Center - Devereux Center	Homeless services	Coos Bay	OR	Solar
2015	North Portland Police Precinct	Public Safety	Portland	OR	Solar
2015	Oregon Army National Guard - Medford Armory	Military	Medford	OR	Solar
2015	Oregon Army National Guard - Roseburg Armory	Military	Roseburg	OR	Solar
2015	Ross Ragland Theater	Arts	Klamath Falls	OR	Solar
2015	Self Enhancement Center	School	Portland	OR	Solar
2015	Steen Sports Park - Pacific Power Blue Sky Pavilion	Community or Recreation Space	Klamath Falls	OR	Solar
2016	Albina Head Start	School	Portland	OR	Solar
2016	City of Talent - Community Center	Government	Talent	OR	Solar
2016	Bethlehem Inn	Homeless services	Bend	OR	Solar
2016	Hacienda CDC	Economic development	Portland	OR	Solar
2016	Siskiyou Field Institute	School	Selma	OR	Solar

Year	Project	Organization Type	City	State	Technology
2016	Klamath Falls Gospel Mission	Homeless services	Klamath Falls	OR	Solar
2016	Westwind	School	Otis	OR	Solar

Private Projects:

- **Hartman Ranch** – Funded in 2006, a 16.8 kilowatt irrigation solar pilot project in the Klamath Basin. This project was selected at the outset of Pacific Power’s Blue Sky funding award process. The solar industry was young and any solar project was an innovative project with significant community benefits. In the decade since this project was funded, Pacific Power communities have developed greater understanding of the type of community-focused, high benefit projects the Company seeks to award funds.
- **Turtle Island Foods** – Funded in 2012, this 102-kilowatt, roof-mounted solar array serves Turtle Island Foods' 2013-built LEED Platinum-certified, manufacturing facility located on the Hood River waterfront. The solar array was an exciting opportunity for Blue Sky customers to help make Turtle Island Foods’ vision of building one of the first LEED platinum food production facilities financially feasible. While the organization was able to monetize tax incentives, the solar project would not have penciled out as a part of this greater, pioneering green building endeavor, without support from Blue Sky customers. Pacific Power has organized two Blue Sky customer tours of the facility and solar array. Attendees expressed their gratitude for the opportunity to make the project possible. In addition, TIF agreed to offer regular public tours to highlight and to communicate their values as advocates of renewable energy and responsible and environmentally sustainable business.