



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

*Rely on us.*

TO: Commissioners Brown, Mital, Helgeson, Manning and Simpson

FROM: Monica Shovlin, Marketing & Creative Services and Greenpower Program Supervisor; Lance Robertson, Public Affairs Manager; Dan Morehouse, Commercial Energy Management Services (EMS); and Mark Freeman, Customer Services and EMS Manager

DATE: May 23, 2014

SUBJECT: Greenpower program review

OBJECTIVE: Information Only

---

## **Issue**

At the March 3, 2014 meeting of the EWEB Board of Commissioners, Vice President Mital referenced a recent survey of Greenpower customers in which 55% of respondents said they were not aware that since 2012, EWEB Greenpower contributions are the sole funding source for EWEB's solar photovoltaic program incentives (see board [backgrounder of January 24, 2014 summarizing survey results](#)). He voiced concern about how \$200,000 of the current Greenpower budget will be distributed for solar incentives, and asked staff for a backgrounder to get a better understanding of how much is being spent on private residential rooftop solar installations and what options could be offered to leverage some additional community benefit from those investments. The other board members concurred.

## **Background**

As described in the above-referenced backgrounder of January 2014, participation in the Greenpower program has remained fairly steady over the past several years at about 2,500 customers (residential and business combined) who voluntarily contribute about \$350,000 in annual revenue to be used toward renewable energy projects, research and education, as chartered in [Board Resolution 0702](#). Since 2012, for every dollar contributed by those Greenpower customers, about 55 cents goes to fund solar program incentives for all EWEB customers, 30 cents goes to fund grants for local nonprofit organizations who propose renewable energy projects, research and education, and the remaining 15 cents goes toward program administration, marketing and the cost to retire a corresponding amount of Renewable Energy Certificates (RECs) at current market prices.

Prior to January 2012, solar program incentives were funded by general rate revenue. Of the 368 total solar net-metered customers (318 residential and 50 commercial), 164 residential customers and

11 commercial customers installed their PV systems after January 2012, when Greenpower became the sole source of funding for EWEB solar program incentives. Currently, 17% of solar customers are also Greenpower customers; a letter inviting the remaining solar customers to consider supporting Greenpower is in process. See the attached Greenpower timeline for more significant milestones in the evolution of this program, created in 2008.

## **Discussion**

EWEB solar program incentives are relatively low in comparison to other utility incentives in the region (see attachment). In addition, the average EWEB incentive per home in 2013 was \$2,090, well below the cap of \$5,000 per customer-project. The average installed price was \$14,225 for an average system size of 3.4 kW (residential). Therefore, the average EWEB incentive covered less than 15% of the installed system cost.

Commercial customer participation in the EWEB solar program has significantly decreased since the state Business Energy Tax Credit was suspended September 6, 2011. Of the four commercial solar program projects in 2013, one was Greenpower grant-funded, two were public facilities and one was a for-profit business. The average EWEB incentive covered about 10% of the three non-grant funded projects. See attachment for more information on rate-funded (2007-2011) and Greenpower-funded (2012-13) solar incentives as a percentage of installed system cost. Staff continues to monitor manufacturers' PV panel prices; see [Utility Dive](#) first annual report for summary of current pricing and projections.

In addition to EWEB incentives, federal and state tax incentives are offered. Currently, the State of Oregon Tax Credit for residential solar installations is \$2.10 per watt (DC), up to \$6,000 max. Federal tax credits for both residential and commercial solar installations are up to 30% of system costs; however, these federal incentives are projected to sunset on December 31, 2016.

## **TBL Assessment**

Based on the discussion above, EWEB has an opportunity to reduce private residential and for-profit business incentives in its solar program without deterring customer activity, and to reallocate Greenpower funding toward more public and nonprofit renewable energy projects, research and education.

## **Recommendations**

In addition to the recommendations made in the Greenpower survey results backgrounder, staff also recommends the following changes to the solar program beginning January 1, 2015, and reallocation of resulting Greenpower budget toward more grants:

- Lower residential solar program incentive cap to \$2,500, from the current \$5,000.
- Lower residential solar program incentives from 15% to 10% of project cost, from \$0.60 to \$0.40 per KW installed.
- Eliminate the commercial solar program incentive (currently at 10% of project cost,) except for nonprofit, government or public projects, excluding Greenpower grant recipient projects.
- Adjust the overall Greenpower budget, using the shift in allocations described above, toward additional grant funding and opportunities that may include viable community solar projects.

- Continue to monitor the installed cost (especially equipment manufacturer pricing) of PV systems and incentives trends of other utilities.
- Continue to monitor the evolution of community solar business models, both EWEB internal systems and vendor offerings; however, EWEB's business strategies do not prioritize community solar at this time.

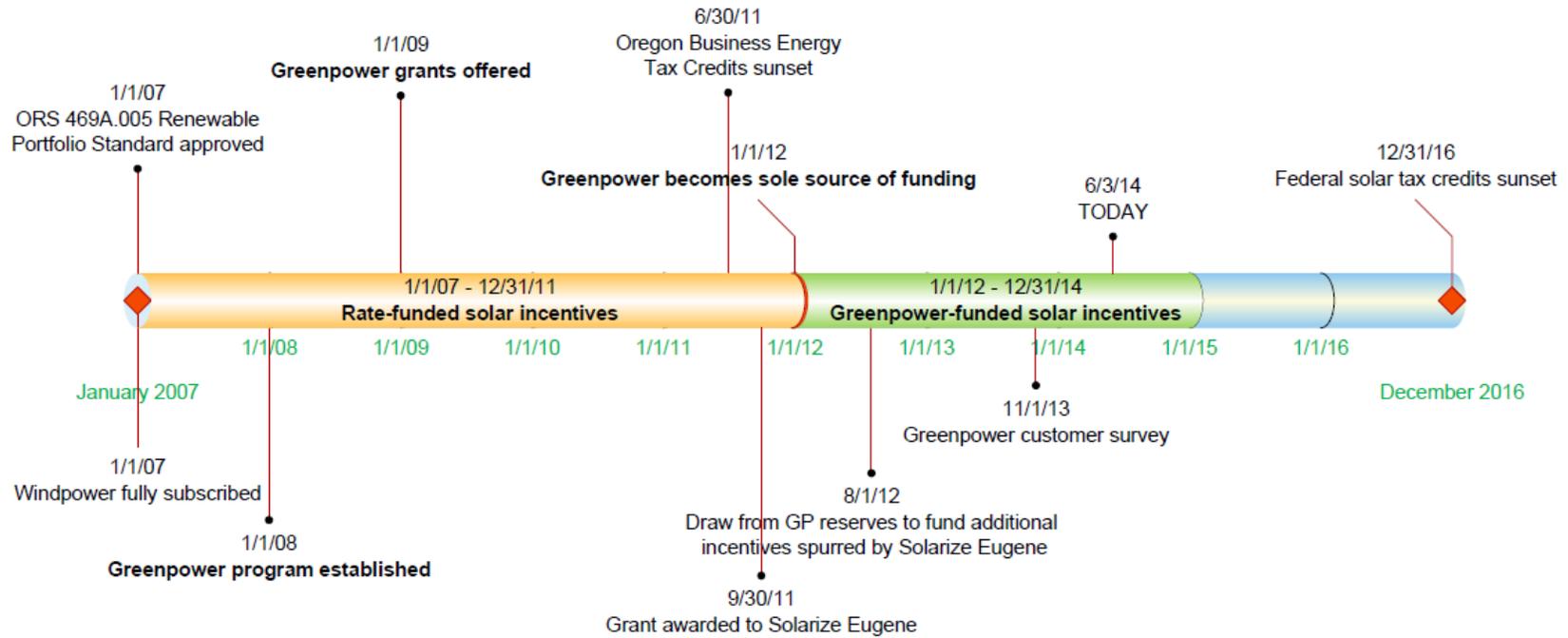
**Requested Board Action:** None; Information only. We will be prepared to answer questions at the June 3, 2014, Board meeting.

### **Attachments**

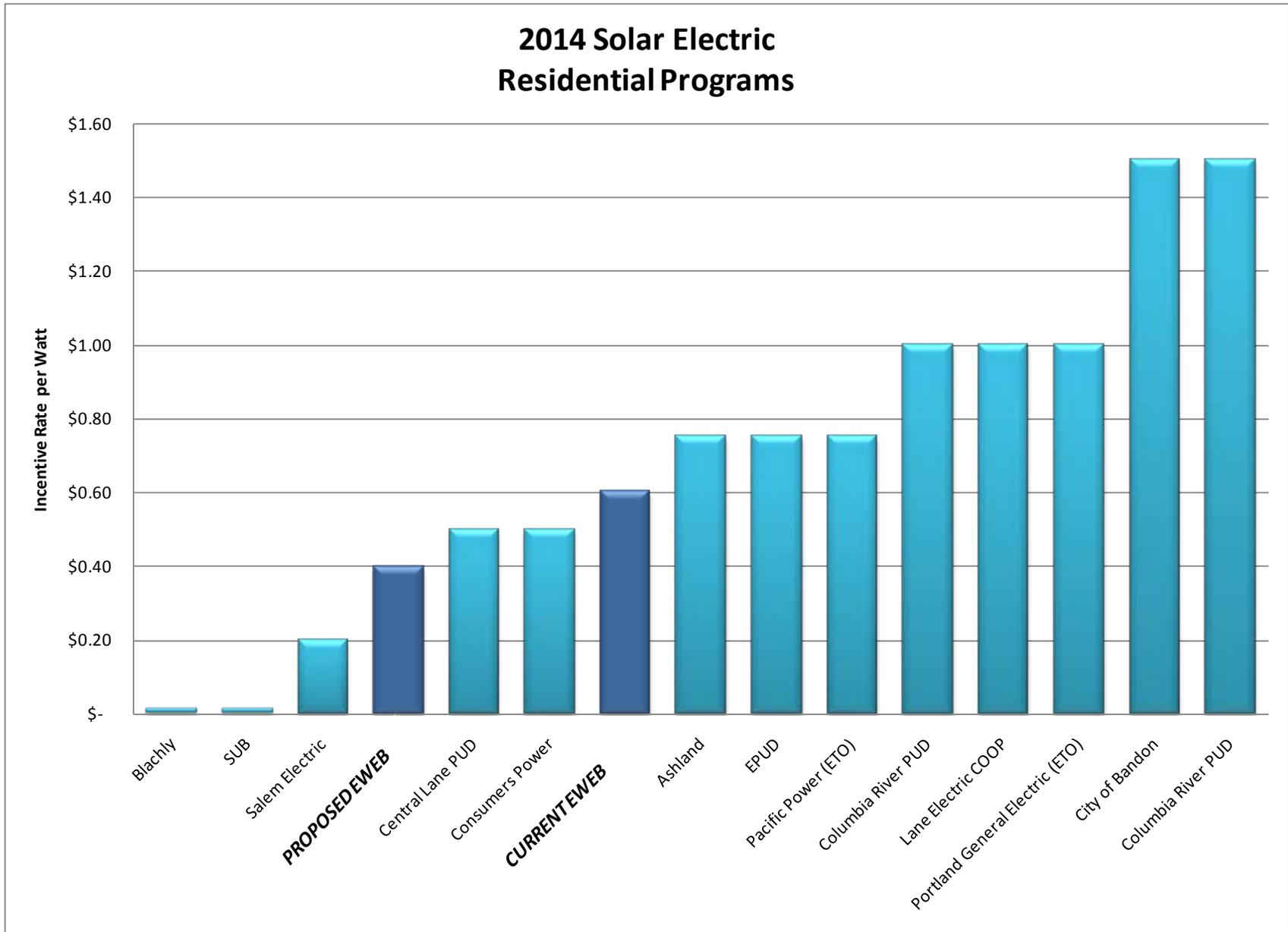
1. Greenpower program timeline
2. Residential solar program incentives compared to other Oregon utilities
3. Commercial solar program incentives compared to other Oregon utilities
4. Rate-funded (2007-11) and Greenpower-funded (2012-15) EWEB residential solar program incentives as percentage of total system installed cost
5. Rate-funded (2007-11) and Greenpower-funded (2012-15) EWEB residential solar program incentives as percentage of total system installed cost
6. Map of Greenpower customer premises
7. Map of EWEB solar customer premises

# Attachment 1

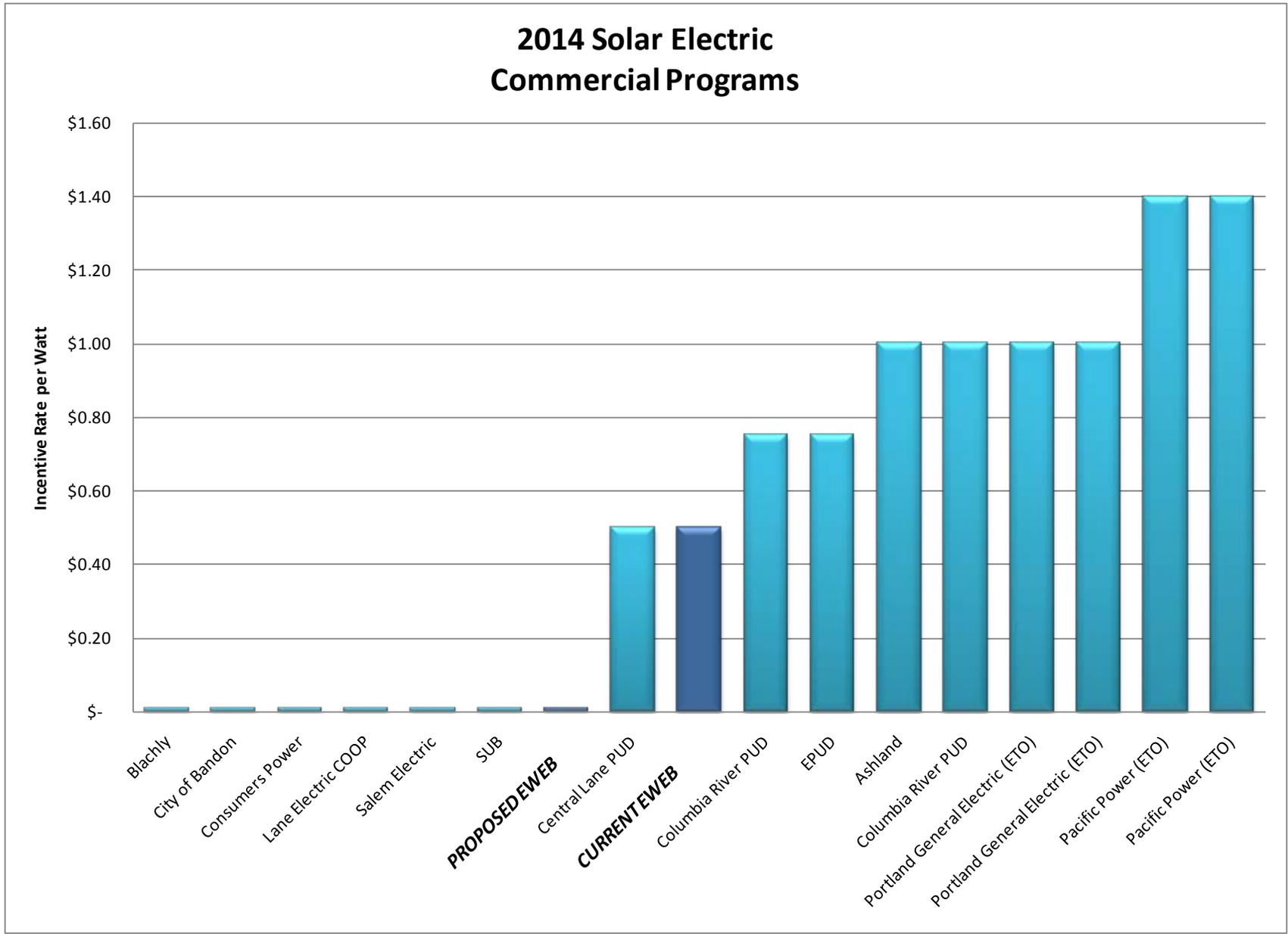
## EWEB Greenpower Program Timeline



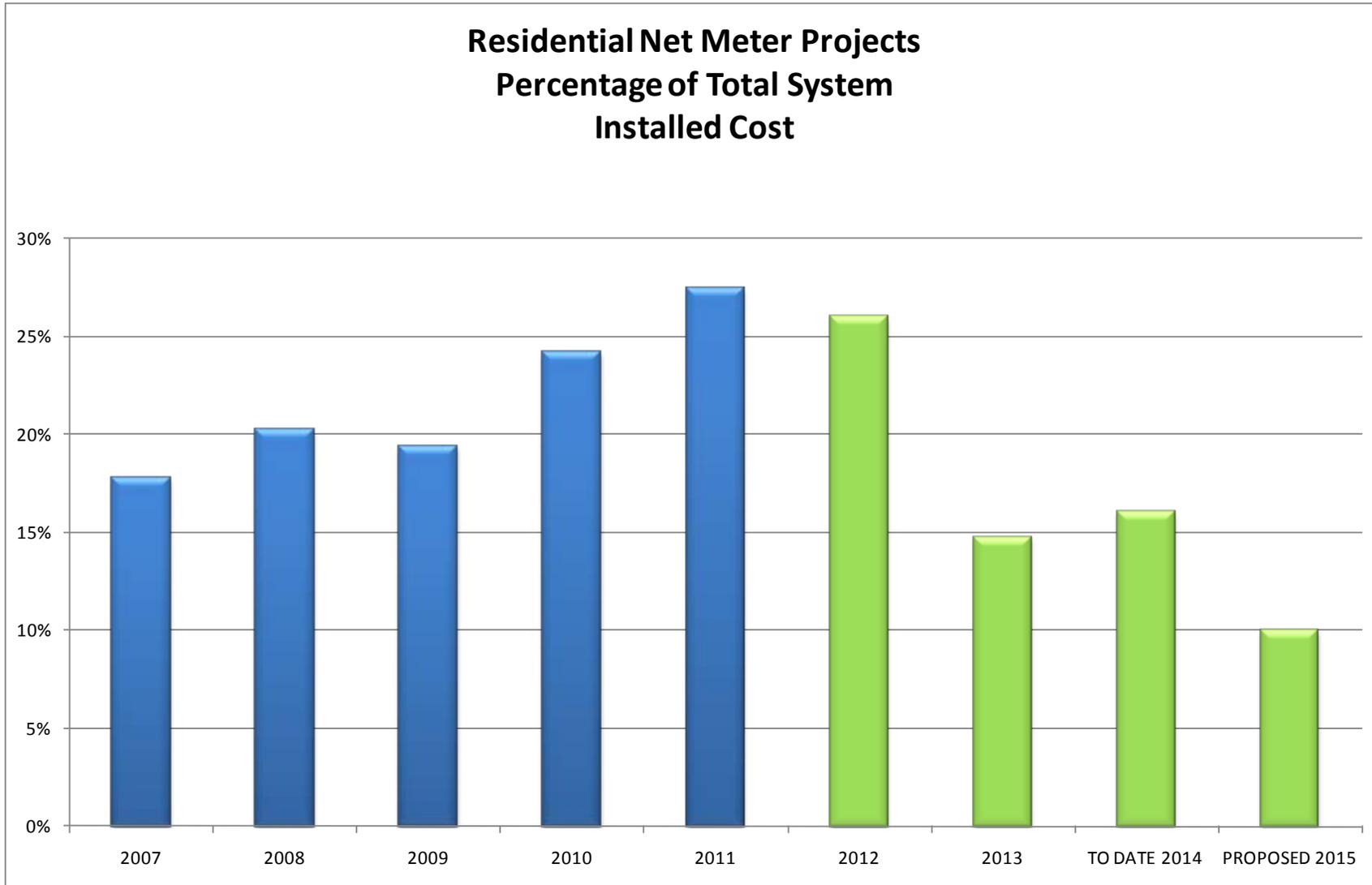
**Attachment 2  
Residential solar program incentives compared to other Oregon utilities**



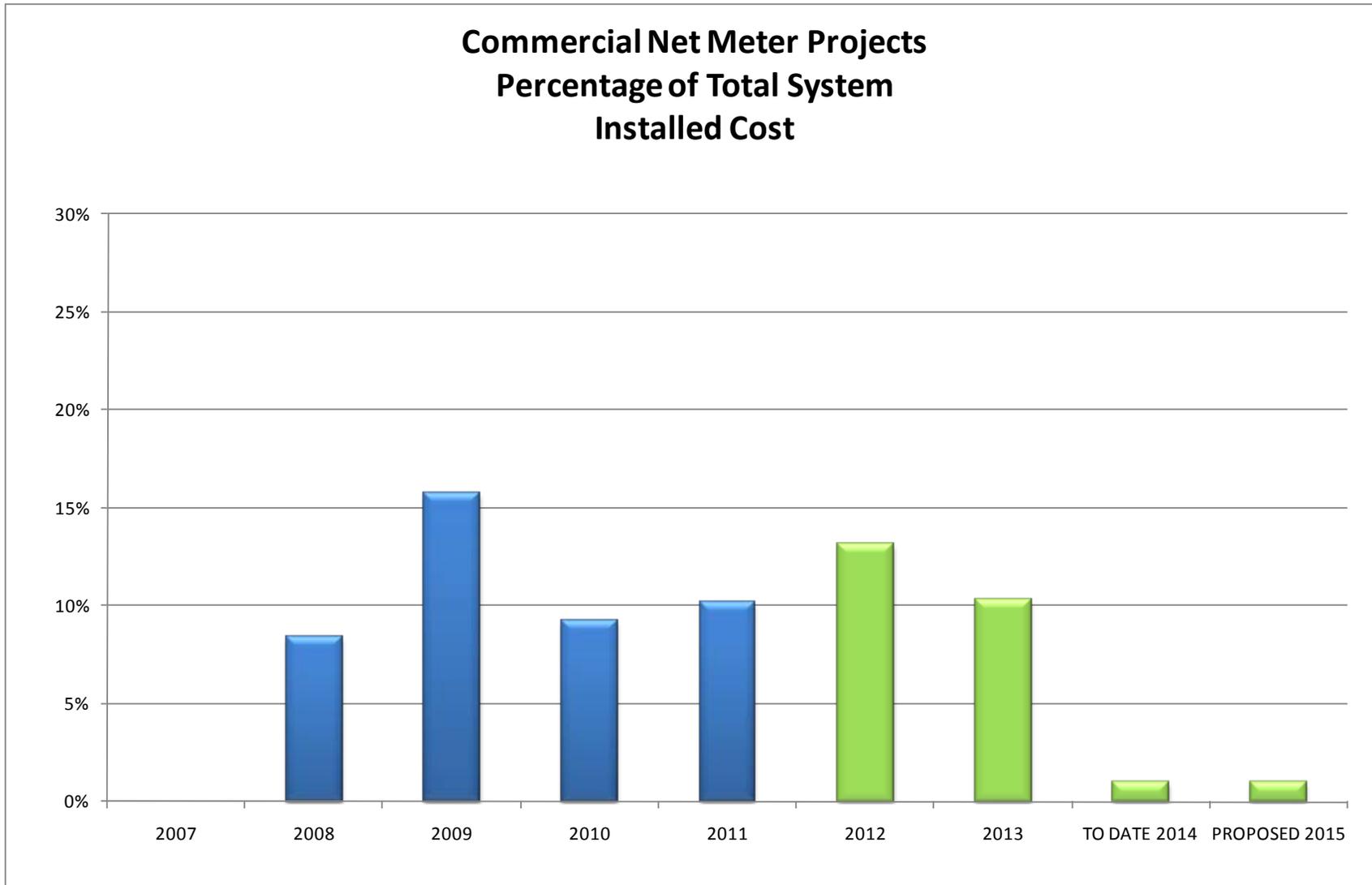
**Attachment 3**  
**Commercial solar program incentives compared to other Oregon utilities**



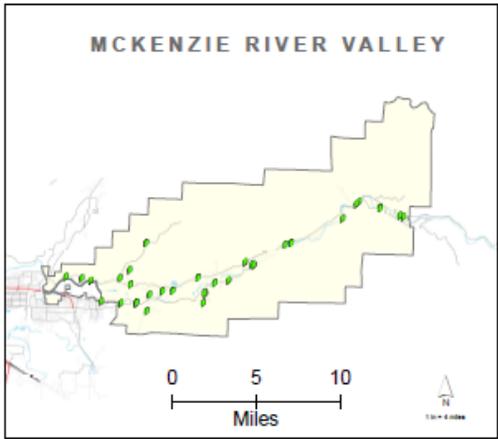
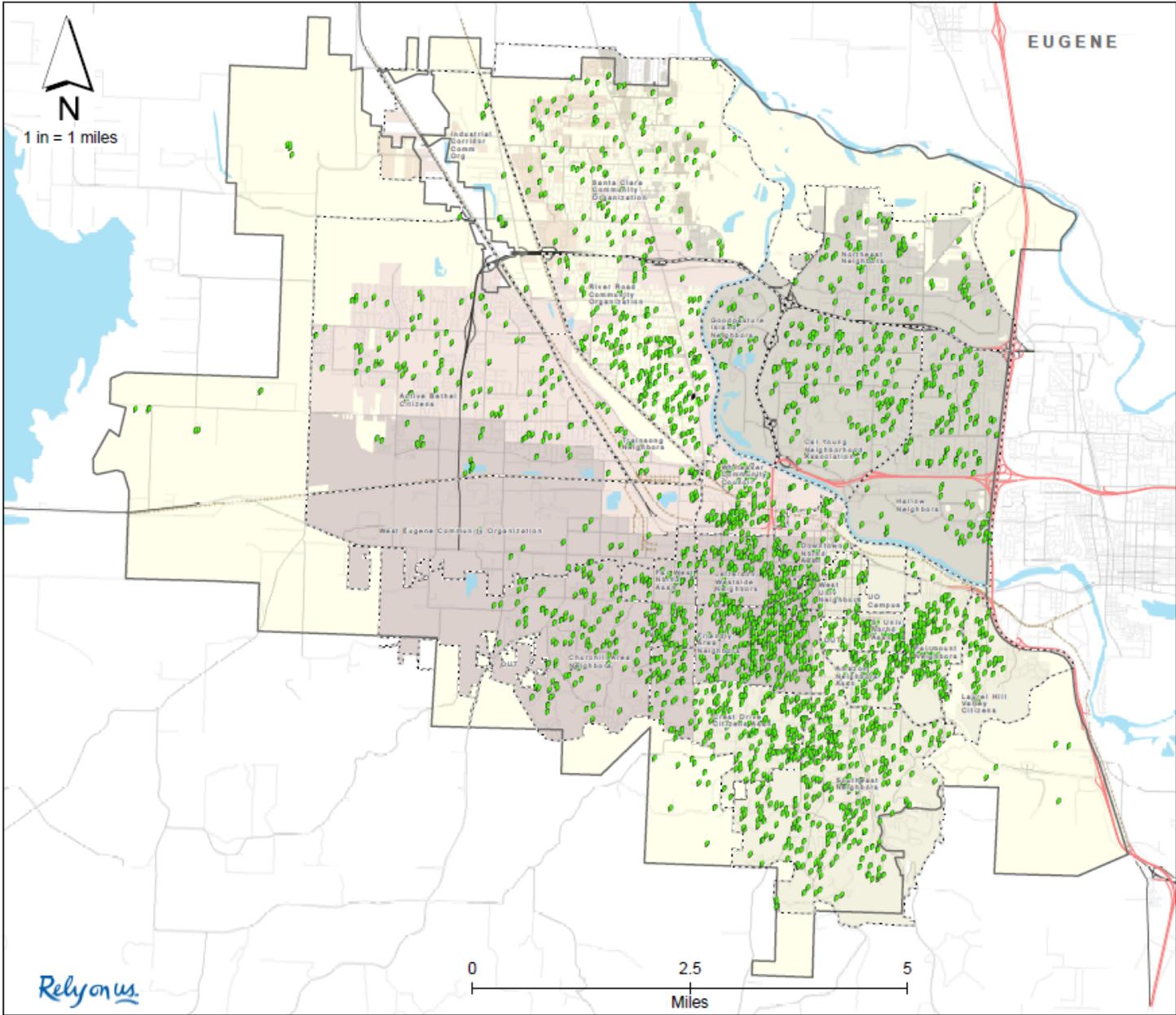
**Attachment 4**  
**Rate-funded (2007-11) and Greenpower-funded (2012-15)**  
**EWEB residential solar program incentives**  
**as percentage of total system installed cost**



**Attachment 5**  
**Rate-funded (2007-11) and Greenpower-funded (2012-15)**  
**EWEB commercial solar program incentives**  
**as percentage of total system installed cost**



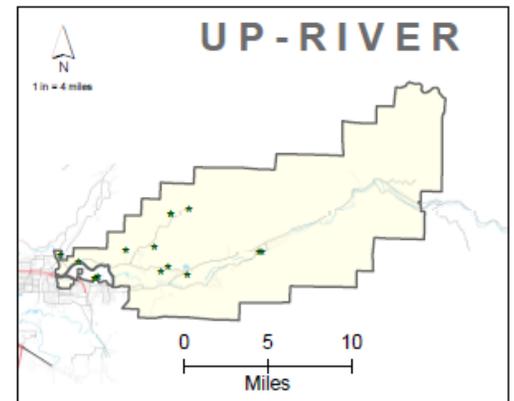
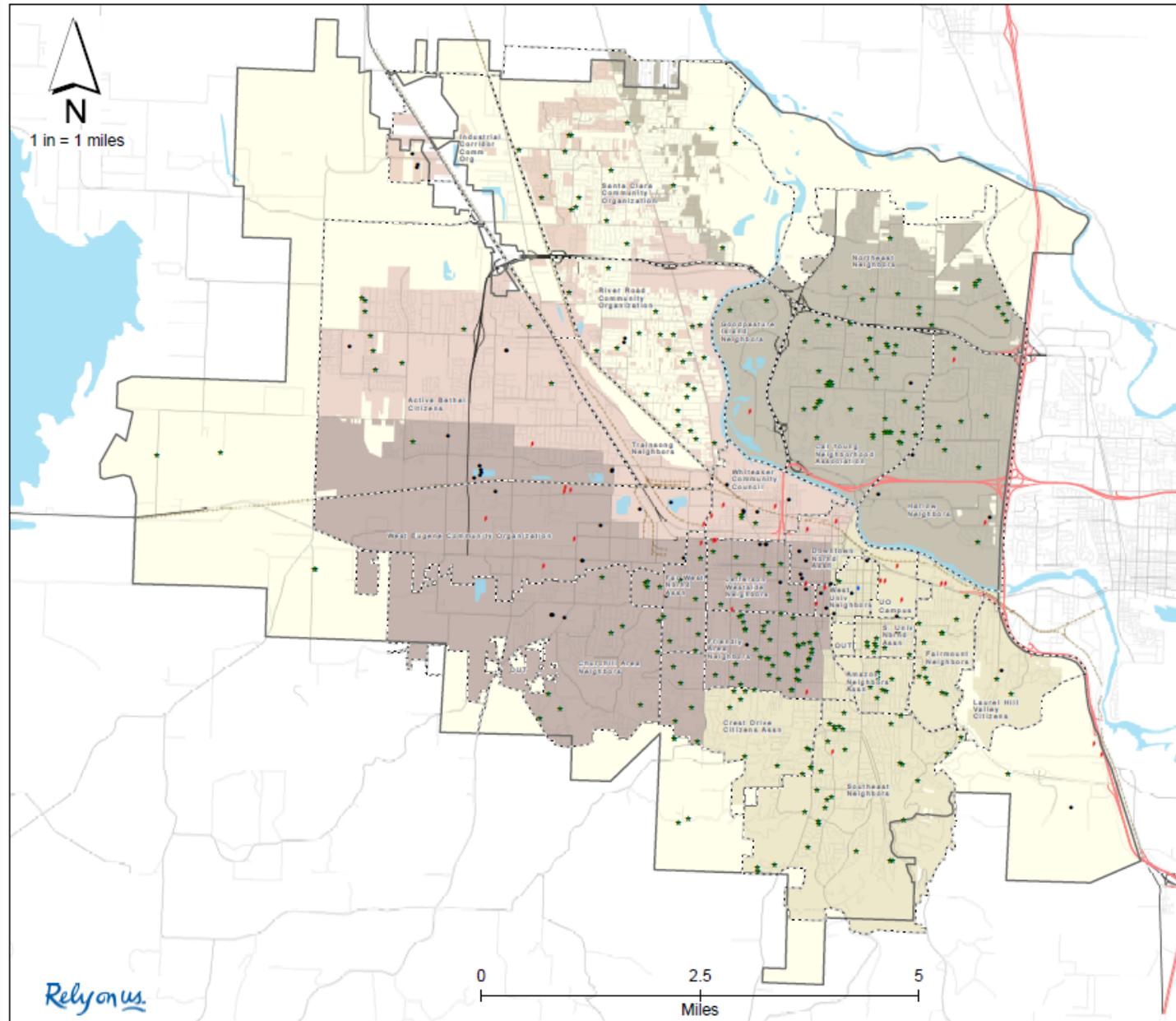
# Attachment 6 Greenpower Customers by Premises



## Greenpower Customers

-  Greenpower Customer
  -  Eugene Neighborhood
  -  EWEB Service Area
- EWEB Ward Boundary**
-  Steve Mital
  -  John Brown
  -  Dick Helgeson
  -  James Manning
  -  John Simpson

# Attachment 7 Solar Electric Customers by Premises



## Solar Electric Projects

### Commercial Projects

- Net Metered
- ⚡ Direct Generation

### Residential Projects

- ★ Net Metered
- ◆ Direct Generation

- ⊕ Eugene Neighborhood
- ⊕ EWEB Service Area

### EWED Ward Boundary

- Steve Mital
- John Brown
- Dick Helgeson
- James Manning
- John Simpson