
Community Renewable Energy Feasibility Fund (CREFF)

Annual Progress Report

Prepared for the Department of Justice, by the Department of Energy
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I. Executive Summary

The Community Renewable Energy Feasibility Fund, or CREFF, was established in 2007 to offer grants of up to \$50,000 to study the feasibility of specific and new renewable energy, heat, and fuel projects in Oregon.

The immediate purpose of the CREFF grants program is to encourage widespread adoption of renewable energy projects that reduce Oregon's dependence on fossil-based energy sources and promote sustainable economic development. In the long term, the Department of Energy hopes to build a library with funded feasibility studies and to operate the CREFF as a revolving fund, in which successful renewable energy projects pay back their grants and recharge fund monies. This will allow the CREFF program to continue to foster renewable energy development in Oregon into the future.

In 2009, the CREFF program issued its first round of awards at a total grant level of \$171,500. These grants represent a range of renewable energy sectors throughout Oregon, and will result in six feasibility studies examining wind, bioenergy, hydropower and solar projects.

The next round of CREFF is expected to begin in January 2010.

II. Background

In May 2007, an Interagency Agreement between the Oregon Department of Energy (ODOE) and Oregon Department of Justice (DOJ) established the Community Renewable Energy Feasibility Fund (CREFF). CREFF was established with a deposit of \$1,000,000, obtained from a legal settlement with Reliant Energy.

The goal of the CREFF is to encourage widespread adoption of renewable energy projects that reduce Oregon's dependence on fossil-based energy sources and promote sustainable economic development within the state. The fund's mechanism for meeting that goal is to provide financial assistance for feasibility studies for renewable energy projects that benefit Oregon energy consumers and local communities.

The DOJ and ODOE Interagency Agreement gave specific guidance to the fund manager, ODOE, on the structure and activities of the fund program. The maximum award is \$50,000, with flexibility to fund at higher levels at the Director's discretion. No more than 75% of the total cost of the feasibility study could be funded through a CREFF

grant. Once complete, the study is owned by ODOE. If the project is constructed and bears revenue, the project proponent is required to repay the cost of the grant into the fund. There, the monies will be re-granted for future feasibility studies and thus make CREFF a revolving fund.

This annual report is required by Section 3.2(d) of the DOJ and ODOE Interagency Agreement.

III. Summary of Past Activities

Although the Reliant settlement funded the program, ODOE could not launch the CREFF program without spending authorization from the state legislature. In December 2007, the Joint Ways and Means Committee did not approve the additional limitation for ODOE to disburse funds through the CREFF. The Committee required additional reporting in February 2008, but due to a busy Special Session, ODOE was unable to schedule a presentation. In June 2008, the Oregon Legislative Emergency Board approved the necessary additional limitation.

The first CREFF program Request for Proposals (RFP) was posted in July 2008. In August 2008, ODOE began to receive pre-applications. The agency evaluated these proposals to invite thirty-six full applications, submitted for review in October 2008. A panel of reviewers scored the proposals against the following criteria:

- Potential energy and/or environmental benefit (15 points)
- Viability and maturity of technology and its application (15 points)
- Impacts on jobs and direct revenue & benefit to local community (15 points)
- Absolute yes/no result from the study (10 points)
- Applicable marketplace for power, heat, or fuel (10 points)
- Reasonableness of the project's cost with the estimated energy production (\$/W) (10 points)
- Demonstrated capability and experience of the project team (10 points)
- Clearly defined study deliverables and outcomes (10 points)
- Project location and availability of supporting facilities (5 points)
- Demonstrated need, e.g., preference to rural and distressed communities (5 points)
- Project uncertainties and risk factors known and discussed (5 points)
- Sampling procedures and survey techniques used to support project implementation (5 points)
- Reasonable timeline, no longer than one year in duration (5 points)

From these applications, the agency selected nine top-scoring finalists.

IV. Summary of 2009 Activities

In February 2009, the expert panel met to select final awards. They chose to award seven proposals, discussed in further detail below, granting nearly \$200,000. These funds leveraged \$627,600 total value in feasibility studies. While the CREFF program offers

grants that fund up to 75% of the feasibility work, in the 2009 award group CREFF only paid for 32% of the work to be accomplished.

Award letters were issued in April 2009 and signed contracts were executed in June 2009. On July 31, 2009, ODOE notified DOJ that some of the CREFF monies may be used for a resource assessment in Christmas Valley, to develop solar, wind, or potentially geothermal energy. ODOE anticipates using more than \$50,000 for this site, invoking the Director’s authority to raise the cap.

At this time, ODOE anticipates offering two rounds of funding in 2010, one from January to February, and a second round from July to August. The timeline will be coordinated with grant availability at Business Oregon’s Renewable Energy Feasibility Fund (REFF), the program on which CREFF is based.¹ Coordination will simplify grant applications and public outreach while optimizing grant monies in our relative target sectors.

V. Summary of Fund Activity

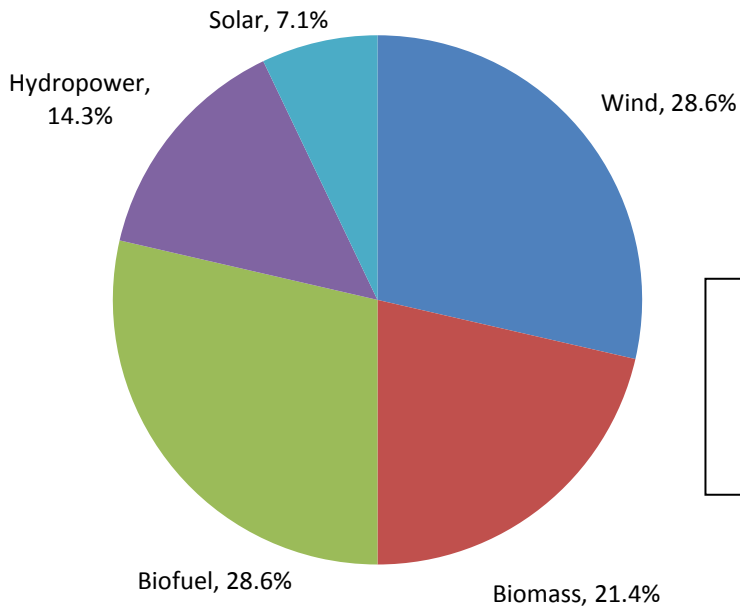
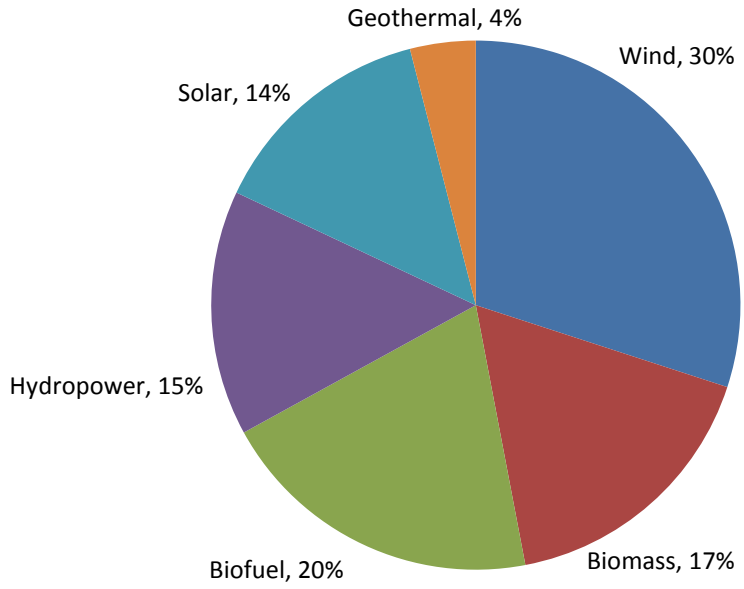
The following table outlines all account activity for the CREFF in 2009.

Revenue/Beginning Balance as of 01/01/2009	\$1,000,000
Interest Earnings	N/A
Amount of Funding Requests (36 Applications)	\$1,245,775
Final Disbursement, June 2009 (9 Awards)	\$196,500
Award Returned, November 2009	\$25,000
Net Grant Disbursement	\$171,500
Total estimated value of CREFF-funded studies	\$627,600
Percentage of CREFF contribution	32%
Total Balance for CREFF as of 12/18/2009	\$828,500²

¹ There are three principal differences between REFF and CREFF. One, REFF is exclusively available to municipalities and special districts. Two, the fund monies come from the Special Public Works Fund and have no obligatory framework, schedule, or revolving requirement. Three, each administering agency has different criteria for awarding grant proposals, based on their different missions and interests.

² The Total Balance value does not include the Christmas Valley earmark, referenced above.

2008-9 CREFF
PROPOSALS,
BY SOURCE



2008-9 CREFF
AWARDS,
BY SOURCE

VI. Summary of Awards

Since granting the awards, two feasibility studies (Essential Consulting Oregon, North Unit Irrigation District) are complete. In some instances, the studies identified certain sites as low-priority for development based on their long-term economic viability. It is not yet clear whether the project proponents will move forward with any of the projects.

One award recipient (Western Community Energy) was unable to complete the feasibility study and returned its \$25,000 grant in November. ODOE is actively tracking the remaining projects.

Award Recipient	Project Location	System Information		Study Cost	Other Funding	Applicant Share	Amount Awarded
Baker School District #5J	Baker City	Biomass-fired boiler		20,000	0	5,000	10,000
Essential Consulting Oregon, LLC	Multiple locations	Dairy-produced biofuel		275,719	135,719	90,000	50,000
International Wood Fuels, LLC	Baker City	Pellet manufacturing		42,000	0	10,500	31,500
Mason Wind Farm Project, LLC	Lexington	Wind		94,893	28,000	16,900	35,000
North Unit Irrigation District	Madras	Hydropower		50,000	0	12,500	20,000
Redmond Area Park and Recreation District	Redmond	Solar Thermal, Biomass		40,000	0	10,000	25,000
Western Community Energy, LLC	Pendleton	Wind		105,000	0	26,250	25,000

VII. Future Solicitation Activities and Program Structure

In 2010, the fund structure will be revised with the following programmatic goals:

- Publicize 2010 grant schedule with stable timelines, significant advance notice, strong outreach to the Oregon communities and renewable energy developers, and collaboration among other granting entities;
- Prepare an exacting and clear RFP that guides the grant program from application to review and from review to award;
- Receive applications with significant regional diversity, representing a range of source sectors and entities;
- Create tools to simplify the review process and build transparency;
- Ensure timely delivery of award;
- Clarify grant recipient responsibilities; and
- Recruit expert reviewers from the private-sector and academic community.

The first round of review will be conducted by a broad range of panelists, to ensure variety of critique and community support for agency activities, and to utilize private-sector expertise. The second round of review will be internal to ODOE with additional staff from other agencies, and will examine the highest ranking proposals to determine final awards, based on criteria established in the RFP.

ODOE anticipates continuing to target \$200,000 for total disbursement in each round of 2010. The projected annual schedule below complements the anticipated REFF schedule.

Round One	January	Pre-approvals and launch; Target date January 20
	February	One public webinar; Close on February 26 ³
	March/April	Two rounds of proposal review
	April/May	Contracts and check disbursement

Round Two	July	Pre-approvals and launch
	August	One public webinar; close
	September/October	Two rounds of proposal review
	October/November	Contracts and check disbursement
	December	Spring 2010 award progress reports; Close the books on 2009 projects

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³ The Oregon Procurement Information Network, or ORPIN, is the official portal to procurement and contracting information issued by the State of Oregon, local governments, and political subdivisions. ORPIN requires that RFPs be posted for a minimum of 30 days.