
Community Renewable Energy Feasibility Fund (CREFF)

Annual Progress Report

Prepared for the Department of Justice, by the Department of Energy
Submitted February 2011

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 electricity, 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 (Department) will establish a library with funded feasibility studies¹ and 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.

The Department has administered three rounds of open solicitation:

- In 2009, the CREFF program issued six awards at a total grant level of \$171,500.
- In February 2010, the Department issued a solicitation for proposals. Of the submitted applications, eleven were selected for awards. Ultimately one of the applicants declined the award, leaving ten awards totaling \$322,500.
- In August 2010, the Department reissued the solicitation. In December, seven applications were selected for funding, allocating \$195,770.

The Department has also provided two direct awards, invoking the Director's discretionary authority:²

- In July 2009, the Director set aside \$122,474 to study renewable energy opportunities at Christmas Valley, in particular a large solar photovoltaic development at a military facility. The Department of Justice was notified of this award on July 31, 2009.
- In November 2010, the Director agreed to dedicate \$150,000 to provide renewable energy feasibility funds for forest product service facilities such as mills. These funds are the basis for the Oregon Forest Products Energy Project. The Department of Justice was notified of this dedication on November 18, 2010.

The Department anticipates a remaining fund balance of approximately \$38,000. Once the balance is confirmed, the Department expects to issue a third direct award to sponsor a feasibility

¹ In fact, a fledgling library has already been developed in partnership with the Oregon State Library. See an online version at the CREFF website: <http://oregon.gov/ENERGY/RENEW/CREFF.shtml/>.

² "Grantee ODOE's Director shall have complete discretion in making awards to ensure that the goals of the Program are being met." [Interagency Agreement, p. 8 of 12]

tools workshop for professional renewable energy administrators in state, regional, and local governments. The purpose of this award is to further the goals of the CREFF program by bridging the allocation gap: the period of time between CREFF's full allocation and funds returning to CREFF in enough volume to merit additional solicitations. By providing renewable energy development specialists with the tools to conduct essential pre-feasibility work, the Department will be continuing to provide feasibility services if not through direct grants.

At this time the program is considered entirely allocated. The timing of future rounds of solicitation is unknown.

CREFF Commitments	Date of Obligation	Status	Amount
<i>Initial Fund Value</i>			\$1,000,000
Round 1 Solicitation	June 2009	Expended	\$171,500
Christmas Valley	July 2009	Committed	\$122,474
<i>Balance by Dec 31 2009</i>			\$706,026
Round 2 Solicitation	June 2010	Expended	\$322,500
Forest Products Energy	November 2010	Committed	\$150,000
Round 3 Solicitation	December 2010	Committed	\$195,770
Feasibility Workshop	February 2011	Proposed	~\$38,000
<i>Unallocated Balance in 2011</i>			\$0

II. Funding Origin and Legislative Approval

In May 2007, an Interagency Agreement between the Oregon Department of Energy and Oregon Department of Justice (DOJ) created the Community Renewable Energy Feasibility Fund (CREFF) program. The CREFF program was established with a deposit of \$1,000,000, obtained from a legal settlement with Reliant Energy. The program is based on Business Oregon's Renewable Energy Feasibility Fund (REFF), although structured differently.³

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 Interagency Agreement provides specific guidance to the fund manager, the Oregon Department of Energy and hereafter Department, on the structure and activities of the fund program. Awards are capped at \$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 may be funded by state funds. Once complete, the study is owned by the State. If the examined project is constructed, 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.

³ There are three principal differences between REFF and CREFF. One, CREFF is available to all entities, while REFF is exclusively available to municipalities and special districts. Two, REFF 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.

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

Although the Reliant settlement provided a source of funds, the Department 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 the Department to disburse funds through the CREFF program. The Committee required additional reporting in February 2008, but due to a busy Special Session, the Department was unable to schedule a presentation. In June 2008, the Oregon Legislative Emergency Board approved the necessary additional limitation.

III. Award Activity

The Department has offered three open solicitations for proposals, two in 2010.

Solicitation Round	Solicitation Period	Number of Applications	Awards (Total Amount)	Contracts Executed
1	July 2008 to February 2009	36	6 (\$171,500) ⁴	June 2009
2	January to March 2010	23	10 (\$322,500) ⁵	June 2010
3	August to October 2010	26	7 (\$195,770)	February 2011

To date, the CREFF program expects to fund 23 contracts for feasibility studies. Of these contracts, five studies have been completed, and no project has moved forward with development. The table below describes every award issued from the CREFF grants program and its status.

Christmas Valley

On July 31, 2009, the Department notified DOJ that some of the CREFF monies may be used for a resource assessment in Christmas Valley, primarily to develop a large solar photovoltaic array but also examine wind and geothermal energy options. The amount is now a firm commitment at \$122,474, as match to a 2009 federal US DOE grant.

Oregon Forest Products Energy Project

In November 2010, the Director agreed to provide \$150,000 of CREFF monies to the new Project. A partnership between our Department, Business Oregon, Energy Trust of Oregon, and the Oregon Department of Forestry, the Project will fund detailed feasibility and engineering studies to lead mill companies in development of the co-generation projects. The first competitive solicitation will be issued in February 2011.

Report Contact: Rebecca Sherman, Renewable Development Coordinator
rebecca.sherman@state.or.us, 503/373-2120

⁴ One award recipient (Western Community Energy) was unable to complete the feasibility study due to external circumstances and returned its \$25,000 grant in November 2009.

⁵ Another applicant, Hot Lake Properties in LaGrande, was selected for a geothermal feasibility award but elected not to sign the final contract due to the repayment provision.

Table 1. All CREFF dedications, including awarded applications and direct awards.

Project Owner	Amount Allocated	Amount Expended	Project Location	System Information	Yr Awarded	Status
Baker School District #5J	\$ 10,000	\$ 10,000	Baker City	Biomass Boiler	2009	Study complete
Essential Consulting Oregon, LLC	\$ 50,000	\$ 50,000	Grants Pass and Albany	Dairy Digesters	2009	Study complete
International Wood Fuels, LLC	\$ 31,500	\$ 31,500	Baker City	Pellet Manufacturing	2009	Study complete
Mason Wind Farm Project, LLC	\$ 35,000	\$ 35,000	Lexington	Wind Farm	2009	Study complete
North Unit Irrigation District ^{##}	\$ 18,982	\$ 18,982	Madras	In-canal Hydropower	2009	Study complete
Redmond Area Park and Recreation Dist.	\$ 25,000	\$ 25,000	Redmond	Solar Thermal and Biomass Heating	2009	Study ongoing
City of Sisters	\$ 31,000	\$ 31,000	Sisters	Woody Biomass Heating and Manufacturing	2010	Study ongoing
Crane School District	\$ 31,000	\$ 31,000	Crane	Wind and Solar Thermal	2010	Study ongoing
Crook County	\$ 20,000	\$ 20,000	Prineville	Solar Array	2010	Study ongoing
DH&G Cascades	\$ 45,000	\$ 45,000	Prineville	Solar Array	2010	Study ongoing
Mariah Wind, LLC	\$ 50,000	\$ 50,000	Lexington	Wind Farm	2010	Study ongoing
Old Mill Solar, LLC	\$ 23,000	\$ 23,000	Bly	Solar Array	2010	Study ongoing
Oregon Community Wind, LLC	\$ 40,000	\$ 40,000	Adel	Wind Farm	2010	Study ongoing

Philomath School District	\$ 22,500	\$ 22,500	Philomath	Solar Array	2010	Study ongoing
Town of Lakeview	\$ 40,000	\$ 40,000	Lakeview	Geothermal Heating District	2010	Study ongoing
Wallowa Resources	\$ 20,000	\$ 20,000	Enterprise	Biomass Combined Heat and Power	2010	Study ongoing
Sustainable Engineering	\$ 5,200		Paisley	Wind	2011	Contract preparation
Central Oregon Irrigation District	\$ 36,000		Redmond	Hydropower	2011	Contract preparation
Triumfus Onion Products	\$ 44,000		Ontario	Biogas	2011	Contract preparation
Good Company**	\$ 22,570		Eugene	Community Solar PV	2011	Contract negotiation
Portland Public Schools**	\$ 5,000		Portland	Solar Thermal Greenhouse	2011	Contract negotiation
Surprise Valley Electrification Corp.**	\$ 43,000		Lakeview	Geothermal	2011	Contract negotiation
Klamath Water and Power Assoc.**	\$ 40,000		Klamath Falls	Geothermal	2011	Contract negotiation
<i>Direct Award: Oregon Forest Products Energy Project</i>	\$150,000		All	Biomass	2011	RFP development
<i>Direct Award: Christmas Valley</i>	\$122,474		Christmas Valley	Solar, Wind, Geothermal	2009	In progress
<i>Direct Award: Feasibility Tools Workshop**</i>	\$ 38,774		Eugene	All sectors	2011	Pending final accounting
TOTALS	\$1,000,000	\$492,982				

** These amounts are accurate but not yet confirmed.

The North Unit Irrigation District spent fewer funds than anticipated, causing the CREFF grant to exceed 75% of the cost. The District returned \$1,018.

Table 2. CREFF contribution, by sector.

Wind	\$161,200.00	16.12%
Solar (electric, thermal)	\$260,544.00	26.05%
Hydropower	\$56,000.00	5.60%
Geothermal (electric, thermal)	\$123,000.00	12.30%
Bioenergy (gas, electric, thermal, manufacturing)	\$361,500.00	36.15%
All (workshop)	\$38,774.00	3.88%

* Note that some awards may address multiple sectors. For example, the Christmas Valley award may be spent on evaluating wind or geothermal at the Over the Horizon Backscatter site.

Chart 3. CREFF proportional dedication, by sector.

