



Oregon

John A. Kitzhaber, MD, Governor

Department of Energy

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February 6, 2015

The Honorable Richard Devlin, Co-Chair
The Honorable Peter Buckley, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048



Dear Co-Chairpersons:

Nature of the Request

The Oregon Department of Energy (ODOE) requests approval to apply for a grant with the United States Department of Agriculture (USDA) via the Notice of Applications for the Rural Energy for America Program (REAP) for Fiscal Year 2015 issued on December 29, 2014, to reduce energy costs for rural communities. The deadline for application submission is February 12, 2015.

The USDA strongly encouraged ODOE to apply for this funding opportunity based on ODOE's accomplishments under a recently completed USDA grant for the same federal grant program.

This opportunity aligns of the Department's mission: to reduce the cost of energy to Oregonians. The grant will enable the Department to strategically support the potential for renewable energy opportunities by conducting on-site assessments and increase direct participation by agricultural producers and rural small businesses. While conducting these assessments, ODOE will also look for energy efficiency opportunities to improve sustainability of agricultural producers in rural economies. This will provide a dual benefit to rural communities as we will leverage opportunities for energy efficiency projects that support a separate grant proposal to be submitted to USDA by Wy'East Resource Conservation & Development Council (RC&DC). These grants will provide complementary benefits as they will help reduce energy costs for agricultural producers and rural small businesses, and also promote water conservation in drought stricken regions of the state.

This grant will also supplement existing efforts by the Department to conduct outreach to rural communities through Governor Kitzhaber's Statewide Regional Solutions Initiative.

Agency Action

The Department requests approval to submit one Renewable Energy Development Assistance (REDA) grant application in response to the REAP opportunity.

Renewable Energy Opportunities in Central Oregon and the Klamath Basin.

Like many western states, Oregon is facing a drought, currently ranging from moderate in the northeast part of the state, to severe in the central portion and extreme in the south. In addition, in the Klamath Basin, agricultural producers and small businesses have faced energy rate increases and are actively pursuing solutions to reduce their energy bills.



ODOE is seeking \$100,000 in federal grant funds to assist agricultural producers and small businesses by conducting on-site assessments to determine feasibility for renewable energy projects. Depending on site location and potential, renewable energy systems could include micro-hydropower, solar, biomass or other renewable energy projects that generate electricity. Renewable energy systems will help reduce the cost of energy to these important rural economic sectors. These funds will be used to conduct renewable energy on-site assessments in Central Oregon, the Klamath Basin and other rural regions throughout the state.

This grant combined with a separate grant proposal to be submitted by Wy'East RC&DC for agricultural energy efficiency assessments, will provide a complementary benefit to agricultural producers, small businesses and irrigators. The REDA funds will enable the Department to strategically support renewable energy projects as part of a suite of complementary measures to provide direct technical assistance to rural communities.

ODOE will conduct an outreach campaign to target agricultural producers and small businesses in Central Oregon, the Klamath Basin and other regions in Oregon. This strategic outreach will focus technical assistance on the agricultural sector and small businesses, and will enable partnerships with our traditional stakeholders involved with renewable energy.

Energy savings is a strategic objective in Central Oregon identified by the Central Regional Solutions Team and ODOE will leverage contacts within regional solutions to make the project successful. The REDA funds would enable the Department to strategically support rural communities to reduce energy costs.

Partners

The Department will partner with Wy'East RC&DC, Northwest SEED, and Sustainable Northwest during grant execution.

Wy'East RC&DC is developing a separate application for the USDA Energy Audit grant. They bring extensive knowledge and relationships with the rural farming community in Oregon. The purpose of this collaboration is to be able to provide renewable energy assessments and energy efficiency audits services to many sites with a single combined visit. The partnership will include coordinated outreach, site assessments and reporting to program participants to simplify and enhance the participant experience.

Northwest SEED will bring outreach and technical support to the project by providing expertise in leveraging state and federal funding opportunities. They will provide educational support as well as managing an online intake process to ensure the program is accessible to all potential applicants statewide. Wy'East RC&DC and Northwest SEED were both partners in our successful 2013 Rural Energy Development Assistance grant project.

Sustainable Northwest is actively engaged with rural irrigators affected by the Klamath Basin Restoration Agreement who have faced energy rate hikes and water availability issues in recent years. This group of irrigators includes rural farmers in Klamath County in Oregon and Siskiyou County in Northern California. Sustainable Northwest will assist in outreach to this strategic group of irrigators who are anxious to examine alternative energy options.

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Additional partners to support outreach will include: 1) Three Sisters Irrigation District, 2) Central Oregon Irrigation District, and 3) Klamath Soil and Water Conservation District. Additional regional partners may be identified as the project develops.

The grant proposal requests \$100,000 in federal funds. No cost share is required by the federal program, however, USDA will award additional points during their scoring process when applicants demonstrate up to a 20 percent cost share. Therefore, the Department will utilize existing staff to provide \$20,000 cost share and improve the likelihood for selection of a grant award.

The anticipated announcement and federal award date is September 30, 2015.

Agency Request

The Department requests approval to apply for the one grant under the 2015 Competitive Funding Opportunity. If awarded this grant, ODOE may need to request additional Federal Fund expenditure limitation.

Sincerely,



Mike Kaplan
Director

Cc: Ken Rocco, Legislative Fiscal Officer
George Naughton, DAS Chief Financial Officer
Julie Neburka, Legislative Fiscal Office
Cathy Connolly, DAS Chief Financial Office