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Renewable Resource Fund

2008 Annual Report



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Submitted By:

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I. BACKGROUND

The Renewable Resource Fund (Fund) was established by the Legislature in 2000 and is supported by voluntary contributions made by consumers on their electric bills.¹ Grants from the Fund are available to small-scale community projects that will serve as demonstration projects designed to educate the community on the value and cost-effectiveness of harnessing natural resources for clean electricity.

The law governing renewable resources and the Fund is codified at 35-A M.R.S.A. §3210. Section 3210 provides for the development of renewable, efficient, and indigenous sources of electricity production in Maine. Section 3210(5) establishes the collection and distribution of a voluntary fund for research at the State's publicly funded universities, or demonstration projects at certain community-based organizations. Section 3210(5)(D) defines organizations that are eligible for funds. Eligible organizations include Maine-based nonprofit organizations that qualify under the federal Internal Revenue Code Section 501(c)(3), consumer-owned electric cooperatives, quasi-municipal corporations and districts, community based nonprofit organizations and community action programs using renewable energy technologies meeting the definition of "Renewable Resource" as defined in §§3210(2)(C)(1) and (2).

As initially established, the Fund was administered by the State Planning Office. The responsibility for administering the Fund was transferred to the Public Utilities Commission (Commission) effective July 1, 2007. P.L. 2007, Chapter 18.

Section 3210(6-A) requires the Commission to submit an annual report to the Utilities and Energy Committee (Committee) on December 1. Section 3210(6-A) directs that the annual report include the following elements:

- * A description of actions taken by the Commission pursuant to §§3210(5) and (6) during the prior 12 months;
- * An accounting of total deposits into and expenditures from the Fund during the prior 12 months; and

¹ In 2007, a second source of revenues for the Fund was established when the law governing renewable resources, 35-A M.R.S.A. §3210, was amended. P.L. 2007, Chapter 403. Among other things, Chapter 403 allows competitive energy providers to satisfy the newly adopted portfolio requirement through an alternative compliance mechanism (ACM). Chapter 403 further provides that proceeds from the ACM must be deposited in the Renewable Resource Fund. This new funding source is codified at §3210(9). Compliance with the portfolio requirement for calendar year 2008 will be verified in July 2009. Until that time, we will not know the amount of proceeds from the ACM that will be deposited in the Fund.

- * A description of any research and development or community demonstration project that received a distribution from the Fund during the prior 12 months, including its objectives, current status and results.

The purpose of this Report is to respond to the requirements of §3210(6-A).

II. ACTIONS TAKEN BY THE COMMISSION

Section 3210(6-A) requires that this Report include a description of all projects funded “during the prior 12 months.” Because the Report is due in December, this statutory requirement directs the Commission to provide information on what amounts to a calendar year basis. However, as noted above, the Commission was not given responsibility for administering the Fund until July 2007. The Commission, therefore, was not able to take any final action regarding the Fund until the second half of 2007, resulting in Fund activity taking place on a de facto fiscal year basis.²

As a result of this timing mismatch, our 2007 annual report described Commission activities from July 2007 through November 2007. The 2007 report summarized the RFP process and the projects that we had selected to receive grants from the Renewable Resource Fund. However, because of the timing mismatch, the grants were at various stages in the process and none of the projects had been completed.

To address the timing mismatch described above, and to provide an update to our 2007 annual report, we have divided sections II through IV of this Report into two subsections. The first subsection provides an update to the projects that received grants during calendar year 2007. The second subsection summarizes Commission action on new projects during calendar year 2008.

A. Summary of Actions Taken by the Commission in 2007

As summarized in our 2007 annual report, the Commission selected 10 projects to receive grant money in 2007. The awards were for wind, solar and tidal demonstration projects. The projects receiving funding were located in places ranging from Kittery to Presque Isle. The total amount of funding awarded was \$362,889. A list of the selected projects, project status, and results is included in section IV (A) below.

² In anticipation of the Commission assuming administrative responsibility of the Fund on July, 1, 2007, and in an effort to jump-start the process, the Commission issued its initial Request for Proposals (RFP) for grant applications on May 30, 2007.

B. Summary of Actions Taken By the Commission in 2008

The 10 grants awarded in 2007 committed \$362,889 of the \$400,1733 of the cash in the Fund. As a result, the Commission had to allow the cash balance in the Fund to grow to a sufficient level before issuing its 2008 RFP for new projects. Based on the Fund deposits and expenditures summarized in section III below, the Commission anticipates being able to award grants for three projects in response to our 2008 RFP.

The Commission issued its 2008 RFP on September 8, 2008. The deadline for applications was November 10, 2008. While we received many requests and inquiries relating to the 2008 RFP, we received only five completed applications by the November 10 due date. Applications were for solar and wind projects, with one application requesting a grant for both a solar and a wind project, at two separate locations. Although last year's applicants were scattered around the State, this year's applicants were from southern and central Maine. We expect to announce awards during the first week in January. Once award selections have been made and grants awarded, we will hold a kick-off ceremony, as we did last year, at one of the award locations. It is likely that there will be follow-up award ceremonies during the year for the other award recipients as well.

III. DEPOSITS AND EXPENDITURES**A. Summary for 2007**

The Commission has encumbered \$362,889 for grants awarded in 2007 for the 10 demonstration projects summarized in section IV (A) below. Of the \$362,889 awarded, \$271,688 has been spent by awardees. The amount unspent reflects projects which are progressing at a slower pace than anticipated. The remainder of these funds will be spent by grant recipients during calendar year 2009. This issue will require a no-cost extension for some grants in order to allow grant recipients to complete projects.

B. Summary for 2008

The following chart shows the current cash balance for the Fund. The balance reflects \$91,201 in funding yet to be drawn down by 2007 grant recipients, plus \$169,245 in deposits from voluntary donations received during calendar year 2008.

³ As described in the 2007 annual report, there was a significant accumulated balance in the Fund at the time the Commission assumed administrative responsibility for the Fund in July 2007. Because of this accumulated balance, the Commission was able to offer more grant money generated by voluntary contributions in 2007 than we were able to offer in 2008 and will likely be able to offer in future years.

Pursuant to P.L. 2007, Chapter 644, §3210(5) was amended to require the Commission to distribute 35% of the proceeds in the Fund to the Maine Technology Institute (MTI) to support the development and commercialization of renewable energy technologies. The following chart identifies the 35% of the cash balance in the Fund that has been reserved for MTI. As indicated in the following chart, the current balance available to the Commission to provide grants for this round of solicitations is \$110,009.

Unexpended Cash	\$ 260,445
Encumbrances	\$ (91,201)
Cash Balance	\$ 169,245
35% reserved for MTI	\$ 59,236
Available for grants from Fund	\$ 110,009

IV. SUMMARY OF RENEWABLE RESOURCE FUND PROJECTS

A. Projects Receiving Funding in 2007

In our 2007 annual report, we included a table that summarized information relating to the 10 projects receiving grant awards during 2007. That table included information about the applicant, the resource type and the amount of the grant. Below is a revised table that includes a summary of the status of each of the 10 2007 projects.

Many of these projects have taken longer to install than was originally anticipated. The delays related to a variety of issues including unanticipated problems on site, contractor selection and contract negotiation.

Applicant	Resource Type	Grant Award	Status/Result
Norway Wastewater Dept.	Solar-Bee PV system to power wastewater circulators; 350,000 kWh per year; technology which can be transferred to 37 other systems in Maine; annual estimated savings for powering aeration facilities is over \$37,000.	\$50,000	Completed. Grantee reports savings of approximately \$2,000 per month by shutting off 5 mechanical aerators.

Lincoln Middle School - Portland	3.5 kW PV array (plus 1 kW pole system); Power Geodesic dome being used as sustainability laboratory - part of transforming Lincoln Middle School to a green school by cutting energy costs and reducing the use of fossil fuels.	\$37,200	Installation completed after some delays. School is monitoring to determine savings. Work continues to move project into curriculum.
University of Maine – Presque Isle	400-700 kW wind turbine - 1,000,000 kWh/year - significant energy and environmental savings for university; exercising leadership in their commitment to environmental sustainability not only at the University but in the community; actively involves students.	\$50,000	After much research and many delays, a contract has been signed. Project expected to be up and running in December, 2008.
Town of Kittery	50 kW wind turbine installed at the Kittery solid waste transfer station, as a demonstration project for renewable wind energy and as an educational facility for Shapleigh Middle School; with interpretive displays.	\$50,000	Project was installed last week of September. Town working with vendor on kiosk educational display.
Downeast Salmon Federation – E. Machias	6,000 watt PV system power display aquaria at new laboratory and teaching facility; conversion oriented "green building;" collaboration with Washington Academy.	\$50,000	Project completed and providing energy for on-site facility construction and net metering excess to Bangor Hydro.

Winter Cache project - Portland	Solar powered water pump and irrigation system; provide cache of food for community for predominantly low-income individuals; individuals contribute by donating time in one way or another to the project; education opportunity for volunteers and through workshops on designing, setting up and using solar irrigation systems.	\$8,711	After experiencing difficulties with various vendors, project is scheduled to be completed in late fall to begin operation in spring of 2009.
Gray - New Gloucester High School	3.44 kW PV system on west wing - remote monitoring system accessible to students via internet; heliotronics program; workshop for district teachers on accessing system and incorporating into curricula; reduces energy costs and is an educational resource for students.	\$36,450	System Installed . Fat Spaniel monitoring system installed to monitor energy savings. Work ongoing to calculate savings and integrate into curriculum.
Yarmouth High School	Educational component called Heliotronics; Maine Energy Education Program building system into curriculum - 3 kW PV system; students distributed 2,000 CFLs during Yarmouth Clam Festival, organized Green Spaces event raising money to buy RECs to offset school's carbon footprint.	\$26,400	System up and running. School working to integrate into curriculum and calculate savings.
Middle School of the Kennebunks	5.6 kW PV system - ground mounted panels - signage, curriculum tie-in community support.	\$35,213	System is up and running with a link to the school's web site. Children at the school are actively involved in monitoring the equipment.

	Restoration of historic tidal power dam on Vinalhaven Island; all power generated will go to Vinalhaven School - 335,800 kWh per year.		This project encountered problems when work began and damage to the old dam proved to be greater than expected. Considerable work has been completed and the project continues to move forward with support from various citizens and non-profit organizations. An extension to the grant end-date will be required.
Ocean Energy Institute - Vinalhaven		\$18,915	
TOTAL		\$362,889	

B. Projects Receiving Funding in 2008

As noted above, the Commission received five applications for grants in response to our 2008 RFP. Applications were for solar and wind projects, with one application requesting a grant for both a solar and a wind project, at two separate locations. We are reviewing the applications and expect to announce awards during first week in January.

V. CONCLUSION

In 2008, we have seen a great deal of interest in the Renewable Resource Fund Program (Program). We continue to receive inquiries about the Program on a regular basis. The volatility of energy prices and growing concerns about the environment have prompted a growing number of communities and non-profit entities around the State to consider using renewable resources to produce energy, save money, demonstrate the viability of these resources and improve Maine's environment by reducing their carbon footprint. Press coverage of the launch of some of the projects that received grants has also sparked the interest of potential recipients of grants from the Fund. In addition, a second potential source of funding for grants under the Program, the alternative compliance mechanism, may start producing revenues in July 2009. For all of these reasons, the Commission anticipates a robust future for the Renewable Resource Fund and grant recipients in 2009.

We would be happy to meet with the Committee to present this Report and respond to any questions you may have about the Renewable Resource Fund.

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