

# ***Summary of January 8, 2010 meeting of the Clean Energy Leadership Council***

## **Introductions and Overview of the Council**

Council members present were:

- Michael Atkinson, AREVA T&D Inc.
- Ernesta Ballard, Weyerhaeuser
- David Benson, Stoel Rives LLP
- Michael Butler, Cascadia Capital
- Marc Cummings, PNNL
- John Gardner, WSU
- Representative John McCoy
- Senator Phil Rockefeller
- Bert Gregory, Mithun
- Kimberly Harris, Puget Sound Energy
- Margaret McCormick, Targeted Growth, Inc.
- Egils Milsberg, WEDC
- Bart Phillips, President, Columbia River Economic Development Council
- Keith Phillips, Office of the Governor
- Rogers Weed, Department of Commerce
- Roger Woodworth, Avista
- Kim Zentz, SIRTI
- Peter Brehm, Infinia Corporation
- Jeremy Jaech, Verdiem

Not attending:

- Ash Awad, McKinstry
- Senator Jerome Delvin
- Lee Cheatham, Washington Technology Center
- Representative Shelly Short

## **Welcome and Opening**

CELC co-chairs Rogers Weed and Marc Cummings opening the meeting and welcomed all participants.

Director Weed discussed a bill being sponsored by the Department of Commerce (DOC) this legislative session, which includes the following:

- Reorganization of the DOC to increase alignment with other areas of the state government;
- Restore budget for the DOC Energy Policy group, which was cut last year;
- Provide funding to update the State's Energy Strategy which has not been modified for nearly 2 decades;
- Provide resources to focus on business development activities in the clean energy industry;
- Reestablish the Energy Advisory Group to advise on energy strategy;
- Allow the DOC to weigh in and appear before the Utilities and Transportation Council (WUTC).

## **Organizational & Administrative Issues**

CELC Co-chair Marc Cummings discussed the following administration and organizational issues:

- Requested that the contributions to the CELC from the private companies on the Council be submitted as soon as possible;

- Announced that Navigant Consulting Inc. had been chosen by the Council's RFP sub-committee as the preferred company to carry out the development of a state clean-tech energy strategy. A final announcement will be made at the conclusion of contract negotiations.

### **State Energy Program (SEP) update**

Tony Usibelli provided an overview of the changes made to the RFP for the second round of SEP funds to be distributed. The Council, in its interim report, had been asked to provide feedback on the first round of SEP funding and guidance on how to adjust the second round to make the program most effective in meeting the goals of both the state and the federal government.

Mr. Usibelli's presentation, which can be viewed on the CELC website, laid out the key CELC recommendations from its interim report and explained how the DOC attempted to integrate these points into the RFP for the second round of SEP funding.

The primary changes to the second round of SEP were:

- New project categories which included the addition of CHP (to the energy efficiency category), waste to energy, and transportation related projects;
- A change to the loan versus grant aspect of the funding. The new structure requires all funding to be in the form of loans with two options:
  - A 70% loan with up to 30% of their SEP funding in the form of a grant, or;
  - 100% in the form of a loan;
- A restructuring of the scoring system to put more weight on the quality of the project plan while decreasing the impact of leverage/match.

Members of the Council appreciated the opportunity to better understand the process that shaped the RFP for the second round of SEP funding. The Council maintains its desire to see SEP funds focused on projects with the potential to be transformative within both the

state and the clean-tech sector. The Council reiterated its guidance that grants play a crucial role in stimulating innovative, transformative projects in a way that loans do not. Council members encouraged Commerce to provide an option for companies to access 100% of their award via grants to help innovative companies move forward with potentially transformative projects. Co-chair Weed agreed to investigate the possibility of offering 100% grants to projects. *(UPDATE: on January 14<sup>th</sup>, Commerce made Clean Energy Innovation projects eligible for 100% grants).*

### **Presentations to the Council on how the state can establish itself as a clean-tech leader by pursuing transformative opportunities**

The Council is interested in understanding how the state can better position itself to pursue large clean-tech companies, projects, and research centers. In order to obtain a more thorough understanding of the processes required to attract large-scale opportunities, the Council heard four presentations by organizations that have had success in pursuing such opportunities.

1. CELC Co-chair and Director of Policy & External Relations at Battelle/PNNL, Marc Cummings, gave a presentation that outlined the process by which PNNL assesses and pursues game changing energy initiatives. Marc's presentation can be found on the CELC website.
2. Terry Walton, Director of Environmental Management Programs for the Pacific Northwest National Laboratory, provided a high-level overview of how PNNL assesses business development opportunities. He stressed the need to be forward-looking by pinpointing opportunities where the state has an established advantage and the nation as a whole needs leadership and solutions.
3. John Gardner, Council member and Vice President for Economic Development and Global Engagement at Washington State University, gave a presentation on new programs and funding at the US Department of Agriculture and outlined opportunities this may provide for the state.

Dick Sheehy of CH2M Hill provided the Council with a view on how major companies

make decisions on where to site multi-million dollar projects, particularly manufacturing projects, and how states have been successful in recruiting these companies. The presentation can be found on the CELC website.

The presentations highlighted the following key themes:

- While stimulus money has dramatically increased Federal spending on energy projects, competition for the funds has been strong.
- Winning large federal energy projects requires years of preparation, very strong teams, and significant experience with the Federal agencies and program offices responsible for funding
- While Washington has received significant stimulus money related to energy, over half of the money went to Hanford cleanup efforts. Of the competitive awards, most went to the Pacific Northwest National Laboratory (PNNL) followed by a handful of other companies.
- The U.S. Department of Agriculture is transforming the way it distributes its R&D funding for the first time in decades. They are moving from smaller scale formula funding to much larger, competitive funding to solve big challenges.
- When competing for large, competitive awards, much of the competitive positioning is done before RFP is released by helping the agencies shape the priorities and focus of future initiatives; developing funding support for strategic initiatives; and developing teams that are recognized as having a track record of winning previous, related competitive bids and delivering on large awards.
- Federal funding for clean energy will decline significantly after stimulus money has been spent, which will increase the competition for future awards.
- In the commercial space, the playing field is changing rapidly. Overseas competitors are making it very difficult to compete in the mass production arena on price. So, regions need to be very specific about what part of the supply chain they are targeting and then aligning investments and incentives to match those opportunities.
- While most states are experiencing challenging budget outlooks, the impact on clean energy investments varies significantly by state. While some are rethinking and cutting back on incentives, others are targeting the clean tech sector and actually putting in place new investments and incentives.

### **Navigant Consulting Inc.'s Project Overview Presentation**

Last November, the CELC formed an “RFP subcommittee” tasked with undertaking a competitive selection process to choose a consulting firm to conduct a statewide clean

energy action plan. Through this process, Navigant Consulting was chosen to carry out the study and provide clean energy strategy recommendations for the Council (based on successful contract negotiations). The CELC RFP subcommittee chose Navigant due to its outstanding proposal and presentation as well as its deep subject matter expertise and its world-class clean energy and economic development team. The proposal outlined an actionable report that would be delivered on schedule and within the proposed budget.

Ron Nichols, Navigant's project lead, presented to the Council an overview of the project that Navigant has proposed. Mr. Nichols' presentation can be found on the CELC website. The Council felt that Navigant had successfully understood the needs of the CELC and is looking forward to developing the clean energy roadmap in coordination with Navigant.

### **Conclusion**

The meeting concluded with the finalization of the Navigant contract as the only outstanding action item.

The next meeting will take place on February 19<sup>th</sup> at 9:00 AM. Location is TBD.