



## Staff Report

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**File #:** 24-144  
**Version:** 1

**Date:** 4/22/2024  
**Item #:** 3.3e.

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**TO:** Mayor and City Council  
**THROUGH:** Keith Stahley, City Manager  
**FROM:** Brian D. Martin, PE, Public Works Director

### **SUBJECT:**

Application for funding under the Community Renewable Energy Grant Program issued by the Oregon Department of Energy (ODOE).

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Natural Environment Stewardship; Safe, Reliable and Efficient Infrastructure.

### **SUMMARY:**

Oregon House Bill 2021 created the Community Renewable Energy Grant Program to support community renewable energy and energy resilience projects. The City of Salem is eligible and requesting to apply for \$100,000 for planning a community renewable energy project for in-pipe hydroelectric energy generation.

### **ISSUE:**

Shall City Council authorize the City Manager to submit an application to the Community Renewable Energy Grant Program and, if successful, enter into an agreement with ODOE to accept the funds?

### **RECOMMENDATION:**

Authorize the City Manager to submit an application to the Community Renewable Energy Grant Program and, if successful, enter into an agreement with ODOE to accept the funds.

### **FACTS AND FINDINGS:**

Oregon House Bill 2021 (HB 2021) requires retail electricity providers to reduce greenhouse gas emissions associated with energy sold to Oregon consumers. Emission reduction targets start in 2030

at 80 percent below baseline and by 2040 reach 100 percent below baseline levels. HB 2021 included over \$64.7 million as a funding mechanism to support community renewable energy generation projects. The City of Salem applied in both round 1 (Willow Lake Cogeneration Facility) and round 2 (Microgrid in SE Salem) for construction grants, each was awarded \$1,000,000. Planning grants are capped at \$100,000 and do not require a match. Based on a consultant's quote, this project is estimated to cost \$98,166. To account for inflation, we assume total project costs will run an additional \$1,700 over the grant cap. Grant-funded projects are required to be completed within 6 months from the award date, which is anticipated to be September of 2024. Applications for grant funding must be submitted to ODOE by May 10, 2024.

Staff is recommending the submittal of a grant application for \$100,000 for planning the development of in-pipe hydroelectric turbine energy generation at Turner Control site. A consultant would develop a 30% design, cost estimate, and generation potential report; research permitting and administrative requirements; and identify possible uses for the power. This study would support activities to develop in-pipe hydroelectric renewable energy in the City of Salem. During the creation of this plan, staff will conduct community and stakeholder engagement.

If successful with this grant, the City will pursue additional funding to advance the project to 100% design.

The Salem Climate Action Plan, accepted by City Council on February 14, 2022, identifies development of renewable and resilient energy resources as Strategy EN26, specifically by leveraging funding from HB 2021. The proposed grant-funded project to develop in-pipe hydroelectric energy would inform next steps in developing a renewable energy resource. Increasing renewable energy generation and reducing reliance on fossil fuels are keystone components of the Climate Action Plan to meet the emission reduction goals. The development of an in-pipe hydroelectric energy source could significantly elevate and advance multiple energy-related efforts in the Climate Action Plan.

#### **BACKGROUND:**

HB 2021 and the Community Renewable Energy Grant Program are designed to spur development of clean energy and community resiliency for small to mid-sized communities in Oregon. This is the third round of funding available, with over \$41 million (63 percent) funds remaining. The City of Salem has received a total of \$2,000,000 from construction projects from the first and second rounds. The Salem Climate Action Plan includes 183 different strategies designed to reduce greenhouse gas emissions and improve community resiliency against the effects of climate change. There are thirty-eight separate strategies tied to energy use, efficiency, and resiliency in this Plan. Grant funding through the Community Renewable Energy Program could help accelerate the construction of more clean energy and provide greater community energy resilience.

Robert Chandler, PhD, PE  
Assistant Public Works Director

Attachments: