

# Update on Incentives for Renewable Energy and Energy Conservation



OREGON  
DEPARTMENT OF  
ENERGY

Oregon's Business Energy Tax Credit and Energy Loan Program, which provide incentives for renewable energy development and energy conservation, have been modified and updated to ensure Oregon's clean energy future, to continue to save energy dollars for Oregonians, to bring associated jobs to the state, and to reduce state revenue impacts.

## Business Energy Tax Credit (BETC)

House Bill 3680 (passed by the Oregon Legislature in 2010), along with modifications to Administrative Rules by the Oregon Department of Energy, created changes and added sideboards to Oregon's Business Energy Tax Credit (BETC) and the BETC Pass-through Option. While more details will be worked out in rulemaking hearings to be scheduled from late March through the summer, the brief summary below provides general information on the changes.

**For updates on rulemaking hearings**, visit these Oregon Department of Energy Web pages:

BETC: [www.oregon.gov/ENERGY/CONS/BUS/BETC.shtml](http://www.oregon.gov/ENERGY/CONS/BUS/BETC.shtml)

SELP: [www.oregon.gov/ENERGY/LOANS/selphm.shtml](http://www.oregon.gov/ENERGY/LOANS/selphm.shtml)

Or call the office at 503-378-4040 or toll-free in Oregon at 1-800-221-8035 and ask for Kathy Stuttaford, Rules Coordinator, at Ext. 237.

## *Summary of House Bill 3680 Changes to BETC:*

### **Accountability**

- Eliminates multiple applications;
- Eliminates the 10% cost overrun;
- Increases the ability to condition, suspend and revoke certifications;
- Allows additional data collection;
- Ensures that facilities comply with Oregon laws;
- Eliminates the ability to amend prior year's tax returns;
- Allows the agency to consider an individual's or an officer of a corporation's past BETC history and performance in the review of a new BETC application;
- Adds operational requirements for the facility; and
- Provides performance standards and "claw backs" for all program areas.

### **Program Growth Control**

- \$300 million biennial cap for renewable energy projects;
- \$200 million biennial cap for manufacturing projects;
- Six-year BETC for renewable energy projects over \$5 million tax credit amount which applies to future projects and approximately 30 existing projects; and
- Reduces maximum tax credit for wind projects over 10 MW from \$10 million to \$3.5 million in 2010, \$2.5 million in 2011, and \$1.5 million in 2012.

## **New Program Features**

- Provides the ability to phase the timing of BETC payments for manufacturing projects and issue additional tax credits for manufacturers based on production, growth, expansion, etc.;
- Includes manufacturing credits for electric vehicles and commercial use ATV's at \$1.25 million tax credit per manufacturer/phase;
- Includes renewable energy storage devices and batteries for manufacturing and renewable programs; and
- Includes prioritization to allow the Department to select projects within the renewable caps through a tiered system that recognizes the differences between small, medium, and large projects; as the requested tax credit amount increases, so do the application standards and criteria.

## **Sunset Date Extensions**

- Extends manufacturing projects to 2014; the project no longer needs to be completed by 2014, but must be pre-certified prior to December 31, 2013; and
- Extends renewable energy and conservation programs six months to July 1, 2012; however, those projects must still be completed and "finalized" before the sunset date.

## **Energy Loan Program**

The state's Energy Loan Program (also known as SELP) promotes energy conservation and renewable energy resource development. Loans are secured and the borrowers' fees and interest pay program costs, so there is no cost to taxpayers. The program offers low-interest fixed-rate loans for projects that:

- Save energy;
- Produce energy from renewable resources such as water, wind, geothermal, solar, biomass and waste materials or waste heat;
- Use recycled materials to create products; or
- Use alternative fuels.

SELP provides loans from \$20,000 to \$20 million to individuals, businesses, schools, cities, counties, special districts, state and federal agencies, public corporations, cooperatives, tribes and non-profits. Projects must be primarily in Oregon.

Items to remember when considering a SELP loan:

- SELP offers long-term financing using General Obligation Bonds;
- Construction financing is generally short term and is not in the SELP portfolio;
- Like a bank, SELP requires collateral for financing; and
- Loans can be phased in payouts with agreed deliverables as the project advances.

**For more information, contact the Oregon Department of Energy at:**

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Salem, Oregon 97301

503-378-4040 or toll-free in Oregon at 1-800-221-8035

[www.oregon.gov/energy](http://www.oregon.gov/energy)