

2007 Oregon Renewable Energy Legislation: Incentives

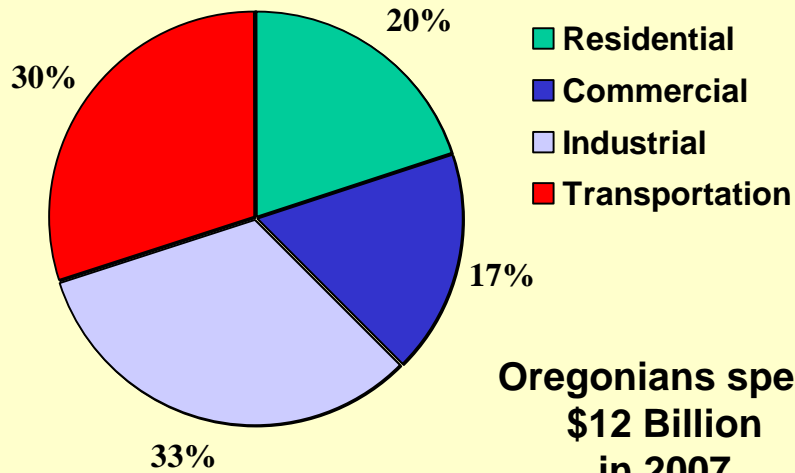


Incentive Packages have put Oregon on the map to encourage and accelerate how we develop renewable energy.

CO₂ is a new metric on how well we are doing.

In 2007 Oregon spent \$12 billion on energy supplies, \$8 billion left the state, most left the country.

Oregon Energy Use by Sector



Statewide Renewable Policy Goals

- Economic development for rural Oregon
- Increase renewable energy resources
- Reduce greenhouse gas emissions
- Diversify energy fuel portfolio
- Local feedstock production
- Strategic market development
- State Government leads by example



First improve efficiency to reduce energy use, then this will make renewable energy use a bit more feasible and valuable to invest in.

Governor will announce another rigorous energy package

Statewide Renewable Policy



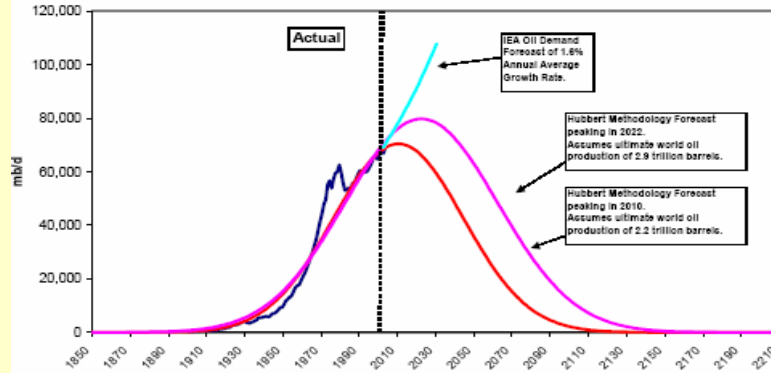
What are we trying to do?

We're trying to reduce using tar sands from replacing petroleum.

Reduce CO2 emissions, fire risk reduction

Statewide Renewable Policy

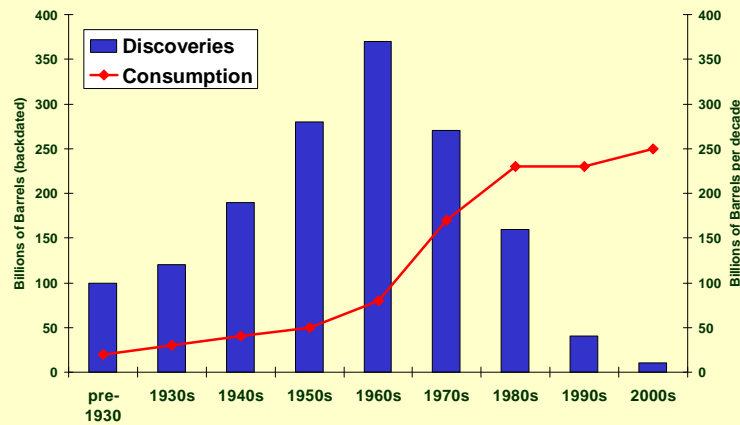
FIGURE 47: PRODUCTION GROWTH CANNOT KEEP UP WITH DEMAND



Sources: IEA, USGS, Kenneth S. Deffeyes Hubbert's Peak: The Impending World Oil Shortage, M. King Hubbert, "Nuclear Energy and Fossil Fuels", 1956 and RJ Research Estimates and Analysis



Statewide Renewable Policy

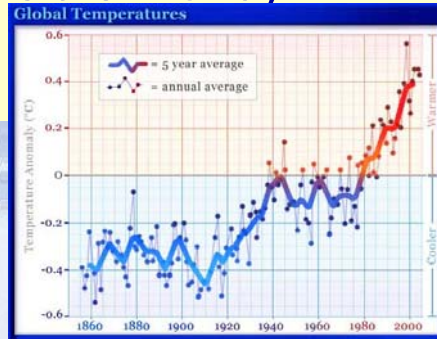
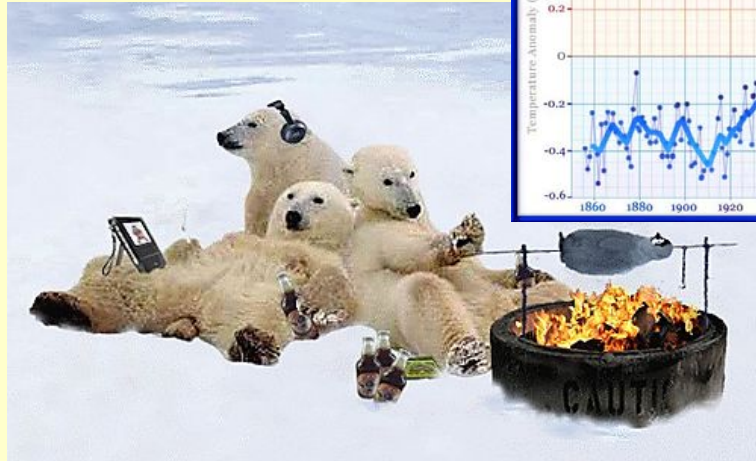


Problem with peak oil is when the production can not keep up with demand.

We are trying to insulate ourselves from the price volatility that will follow peak oil.

Natural gas is also a vulnerability for the state. For 30 years it averaged \$2 per MMBtu, now it is \$11 per MMBtu.

Statewide Renewable Policy



OREGON
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Biomass is “carbon beautiful.” It displaces fossil fuel and it reduces catastrophic wildfire risk.

2007 Oregon Energy Legislation

Senate Bill 838 - Renewable Portfolio Standard

- Renewable Portfolio Standard (RPS) for electricity
- 25% of Oregon's electricity renewable by 2025

House Bill 2210 - Biofuels Fuels Package

- Tax credit for producers and collectors of biofuel
- Renewable Fuel Standard for biodiesel and ethanol
- Income tax credit for consumer use of biofuel



Senate Bill 838 – RPS

Requires large Oregon electrical utilities to produce/sell renewable electricity. The standards are incremental and will require 25% of electricity to be renewable by the year 2025.

House Bill 2210 – requires 10% of gas be ethanol.

2007 Oregon Energy Legislation

House Bill 3201 - Business Energy Tax Credit

- ❑ Increases renewables credit to 50%
- ❑ Increases the project cost to \$20 million
- ❑ Renewable manufacturing eligible
- ❑ High Efficiency Combined heat and power
- ❑ Builders of High Performance Homes
- ❑ Hydro projects up to 10 Megawatts
- ❑ Repeals the offset of federal credits

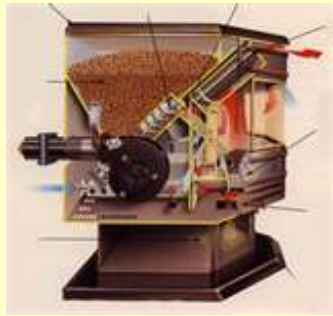


Increased credit from 35% to 50% for equipment. Dollar for dollar credit. Apply before you start. You can transfer it to a third party. This is taken over 5 years (10% each year). The authorized party buying it is required to give you no less than 35% of that investment.

2007 Oregon Energy Legislation

House Bill 3201 - Residential Energy Tax Credit

- Allows more than one qualifying item per year
- Premium efficiency biomass combustion devices



2007 Oregon Energy Legislation

- Senate Joint Memorial 1 – Hanford Resolution
- Senate Bill 118: -- Abnormal Market Disruptions
- Senate Bill 375: -- Appliance Efficiency Standards
- Senate Bill 461: --Low Income Energy Assistance
- Senate Bill 479: -- School Light Fixture Bill
- Senate Bill 790: -- Off-shore Leasing
- Senate Bill 812: -- PUD Statute Changes
- Senate Bill 814: -- Biofuels Bill Changes
- Senate Bill 819: -- Tax Credit/Kicker Refund
- Senate Bill 875: -- Ocean Energy Rules



2007 Oregon Energy Legislation

- ❑ House Bill 2272: -- Vehicle Emission Standards
- ❑ House Bill 2565: -- Appliance Efficiency Standards
- ❑ House Bill 2620: -- Solar Energy in Public Buildings
- ❑ House Bill 2628: -- Outdoor Lighting Brightness
- ❑ House Bill 2925: -- Small Wave Energy Facility
- ❑ House Bill 3244: -- Sustainability Board
- ❑ House Bill 3488: -- Solar Incentives
- ❑ House Bill 3543: -- Global Warming Actions
- ❑ House Joint Memorial 22: -- Wave Energy
- ❑ House Resolution 1: -- Hydrogen Resolution.



2007 Oregon Energy Legislation

- Oil seed crops, \$0.05 per pound
- Grain crops \$0.90 per bushel
 - Not corn. Wheat after 1 January 2009
- Virgin oil or alcohol \$0.10 per gallon
- Used cooking oil grease, \$0.10 per gallon
- Wastewater biosolids, \$10.00 per wet ton
- Woody biomass \$10.00 per green ton,
- Grass, wheat, straw \$10.00 per green ton
- Yard debris, food waste, \$5.00 per wet ton
- Animal manure or offal, \$5.00 per wet ton



Natural gas is rising, currently about \$11

Eligible to claim these credits if able to show it is going to an energy commodity.

2007 Oregon Energy Legislation



Oregon is rich in woody biomass resources. Here are Class 2 and 3 fire risks. About 60 tons of woody biomass. One of the benefits, it's better than solar, it's better than wind. It reduces fire risk, can improve the stress drought of forests.

2007 Oregon Energy Legislation

HB 2210 Woody Biomass

- ❑ \$10 tax credit per green ton of woody biomass
- ❑ Woody biomass from:
 - ❑ **Nursery, orchard, agricultural, forest or rangeland**
 - ❑ **Prunings, thinning, plantation rotations, log landing or slash**
- ❑ Must be used for energy production in Oregon
- ❑ Mill waste not eligible
- ❑ Self-administered business income tax credit
- ❑ Retroactive to 1 January 2007



2007 Oregon Energy Legislation

HB 2210 Biomass Production Credits

- ❑ Maintain documents for five years
- ❑ Name, address and taxpayer identification
- ❑ Commodity and credit amount
- ❑ Declaration as energy feedstock
- ❑ Taxpayer ID of transferee (if indicated)
- ❑ Transfer on a form from Revenue



2007 Oregon Energy Legislation

HB 3201 Renewable Resources and BETC

- ❑ Credit is 50% of capital cost
- ❑ Credit claimed 10% per year for five years
- ❑ Equipment for forest recovery of biomass
- ❑ Woody biomass boilers and steam turbines
- ❑ Expansion of existing equipment
- ❑ Manufacturers of biomass recovery or handling





◆ Based on Oregon's experience, we can limit CO₂ emissions and improve our economy.

◆ Education and efficient use of resources is essential.

◆ Renewable resources are Oregon's most prevalent and beneficial resources.

www.oregon.gov/ENERGY



This helps bolster our economy. Local contractors provide feedstock, do the construction.

We are the Saudi Arabia of renewable energy. We have wind, solar, geothermal, biomass, and wave.