

Theodore R. Kulongoski
Governor



Governor Ted Kulongoski's Energy Independence Agenda for 2007 **Clean energy. Good jobs for Oregon.**

Governor Ted Kulongoski's clean energy agenda will expand Oregon's home-grown sources of renewable power while growing our state's clean energy manufacturing sector. By setting our state on a course toward energy independence, Governor Kulongoski's plan will reduce greenhouse gases, create good living-wage jobs, and promote healthier communities for Oregon families.

It's a bold – but attainable – vision for fighting climate change and building a strong, competitive economy for Oregon's future. Not only will the Governor's plan reduce our dependence on foreign oil, it will create a brighter energy future while further expanding our state's manufacturing base.

Renewable Portfolio Standard (RPS) (HB 2209):

This renewable portfolio standard will help diversify our home-grown sources of power by requiring 25% of Oregon's energy come from new renewable sources by the year 2025.

- The RPS requirement of 25% by 2025 applies to electric utilities serving at least 1% of Oregon's power load, including Oregon's three investor-owned electric utilities and the nine largest consumer-owned utilities. Depending on the rate of load growth, the RPS is expected to cover most of the new resources needed to meet the state's increased power demand.
- Interim targets include: 5.0% by 2011, 15% by 2015, 20% by 2020, 25% by 2025.
- Oregon's 28 smaller consumer-owned utilities (those serving less than 1.0% of Oregon's electric load) must meet 60% of their retail energy load growth by 2025 with renewable energy. The target may be met by purchasing "green products" offered by Bonneville Power Administration (BPA) and others. Interim targets include meeting 20% of load growth from renewables by 2015 and 40% of load growth from renewables by 2020.
- Eligible renewable resources include wind, solar, wave, geothermal, biomass, low-impact small-scale hydro and other renewable resources operational after January 1, 1995. No consumer-owned utility will be required to shut down existing resources to comply or give up access to low-cost power from BPA.
- Although the RPS is not expected to increase rates, a cost cap will safeguard and limit any possible cost impact.
- Compliance with the RPS can be met in the following ways: owning eligible resources, buying the output of resources developed by others, or acquiring Renewable Energy Certificates.
- Includes non-binding goal of one-third of new renewable sources of energy from small-scale community renewable energy projects to stimulate rural renewable growth.
- Extends the public purpose charge through 2025. Use of the renewable energy portion of the public purpose charge will be limited to small-scale renewable energy projects of less than 20 megawatts in order to further diversify renewable energy sources.

Governor Ted Kulongoski's Energy Independence Agenda for 2007

Clean energy. Good jobs for Oregon.

Biofuels Fuels Package (HB 2210):

This bill encourages greater development, distribution and use of agricultural and forest material for biofuels, electricity and other forms of biomass energy. To better meet our state's energy demand, the biofuels package:

- Expands property tax incentives for biofuel and certain fuel additive production facilities.
- Establishes a new tax credit for producers and collectors of biofuel raw materials, based on BTU content of feedstock.
- Establishes a Renewable Fuel Standard for biodiesel and ethanol based on Pacific Northwest feedstock production.
- Prohibits the sale of gasoline that contains MTBE and certain other harmful additives.
- Creates an income tax incentive for consumer use of biofuel with a four-year sunset.
- Modifies the site certificate exemption criteria for ethanol and biodiesel production facilities to preclude coal-fueled facilities.
- Maintains exclusive farm use (EFU) status for on-farm biofuel production facilities.

Expand Business Energy Tax Credit (BETC) (HB 2211):

The effort expands clean energy manufacturing and production by:

- Increasing credit for renewable energy systems installed by businesses from 35% to 50% and increases the project cost limit from \$10 million to \$20 million.
- Providing that manufacturing costs of renewable energy systems and components are eligible for the increased tax credit for renewable energy.
- Repealing the federal tax credit offset for BETC projects that also receive a federal credit.
- Providing incentive to builders of high performance homes that reduce purchased energy use to near zero on an annual basis.
- Making combined heat and power projects (CHP) eligible for the increased tax credit.
- Increasing the size of hydro projects eligible for BETC from 1.0 megawatt to 10 megawatts for hydro projects on existing diversions or impoundments meeting ODFW requirements.
- Making homebuilders eligible for installation of renewable energy systems in new homes at comparable value to the Residential Energy Tax Credit.

Residential Energy Tax Credit (RETC) (HB 2212):

Makes the incentives for renewable energy more effective by the following:

- Allows use of the RETC for more than one qualifying item in the same year, e.g. for a solar water heater and for a solar electric system, and/or for multiple energy-efficient appliances.
- Increases the maximum tax credit for fuel cells and for wind generation, similar to the increase in solar electric systems passed in 2005, from \$1,500 to \$6,000 over four years.

State Agency Renewable Energy Projects (SB 232):

This bill authorizes state agencies to develop renewable energy sources on state forests, campuses and other state lands. The energy produced will meet state agency loads, with excess sold to electric utilities. This bill moves us closer the Governor's goal of 100% of electricity needs from renewables by 2010. The bill is based on SB 737B from the 2005 Legislative Session.