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One step forward and two steps back?

RECENT DEVELOPMENTS IN OREGON'S RENEWABLE ENERGY POLICY MAY HAVE AN ADVERSE, AND UNINTENDED, IMPACT ON OUR GROWING ENERGY ECONOMY

GUEST COMMENTARY

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Recent changes to the Business Energy Tax Credit program, both during the Legislature's 2010 special session and via Oregon Department of Energy administrative rulemaking, have captured the attention of the public and the renewable energy community … and for good reason. There were significant modifications to the program that likely will have an adverse impact on renewable energy investment in Oregon. But there are several other legislative and regulatory developments that also will leave a mark on renewable energy development in Oregon.

The Legislature in its one-month session this year passed almost a dozen bills related to renewable energy. Many of the bills fine-tuned previous legislation.

House Bill 3680 limited the overall amount of BETCs available for renewable energy and manufacturing facilities during the three years remaining before the BETC program sunsets. It also reduced the allowable tax credits for large wind projects (over 10 megawatts in size) and gave greater discretion to ODOE, both to reduce allowable credits for some projects that have already received preliminary certificates and to revoke tax credits for projects that fail to meet certain conditions. Earlier, ODOE issued rules that increased the price of purchased tax credits. Cumulatively, the legislative and administrative changes, combined with the sunset of the renewable energy tax credits for projects not completed by July 2012, are expected to significantly reduce the amount of renewable energy investment in Oregon over the next two years.

HB 3649 and HB 3674 allow certain pre-1995 low-impact hydroelectric and biomass facilities to qualify for compliance with the state's Renewable Portfolio Standard. These legislative acts are expected to have little adverse impact on new renewable energy development, while providing added value to eligible older renewable energy facilities.

HB 3690 made several minor clarifications to the pilot solar feed-in tariff program adopted by the Legislature in 2009. The pilot program requires utilities to pay above-market rates for 15 years for electricity produced by residential and small-scale commercial solar projects – with a program-wide cap of 25 megawatts. The new legislation clarifies the size of projects that qualify for the feed-in tariff.

Also, the Oregon Public Utilities Commission is completing rulemaking for the legislation that will establish the above-market incentive rate for the program. The PUC staff recommended a 75-cents-per-kilowatt-hour price for most residential systems and a 55-cents-per-kwh price for small commercial systems. The staff recommendation is widely regarded to be so rich an incentive that the program could be fully subscribed within weeks of its effective date. The PUC commissioners will approve a final incentive rate by the end of June.

HB 3693 clarified that the state's pioneering biodiesel fuel standard passed in 2007 can be met, even if substances have been added to prevent congealing or gelling of biodiesel fuel during winter months. The biofuel standard requires blending 10 percent ethanol and 2 percent biodiesel into gasoline and diesel fuel sold in Oregon. It is intended to promote new economic investment and jobs in Oregon while also reducing Oregon's dependence on foreign oil and reducing Oregon's greenhouse gas emissions.

HB 3613 extends the prohibition of any form of offshore leasing for purposes of exploration, development or production of oil, gas or sulfur in Oregon's territorial sea, clarifying that only renewable energy sources such as wave or wind energy can be used.

Finally, the Building Codes Division of the Oregon Department of Consumer and Business Services is in the final stages of developing the nation's first statewide solar installation code. It will establish minimum standards for solar installation projects. If done well, it should provide greater consistency and clarity to developers and installers of solar energy systems in Oregon.

Much is afoot in Oregon to continue the leadership established in the growing renewable energy economy. Hopefully, the limitations imposed on the BETC program do not negate positive steps being taken and result in a net step backward for renewable energy investment in Oregon.

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