

State Energy Offices as Catalysts

A photograph of the Oregon Department of Energy building. The building is a modern, light-colored structure with a large, arched entrance. Above the entrance, the words "OREGON DEPARTMENT OF ENERGY" are inscribed in large, dark letters. To the left of the entrance is a circular emblem. Above the entrance, a row of solar panels is mounted on the roof. The building is surrounded by trees and a clear blue sky.

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Catalytic Energy History

- The Oregon Department of Energy was created in 1975.
- In 1977, ODOE issued *Oregon's Energy Future, First Annual Report*
- Page 3 of the report said...

Catalytic Energy History

“...it should be emphasized that there are no simple or static relationships between energy consumption, employment and economic growth. Clearly, ***energy is a prerequisite to job-producing economic activity.***”

Economic Activity—SELP

- SELP: The Small-scale Energy Loan Program was created in 1979 and part of Oregon's Constitution
- Funds renewable energy, energy efficiency, alternative fuels and recycled materials used to create products
- Over the years SELP has approved 860 loans and disbursed \$541 million

SELP Projects Funded

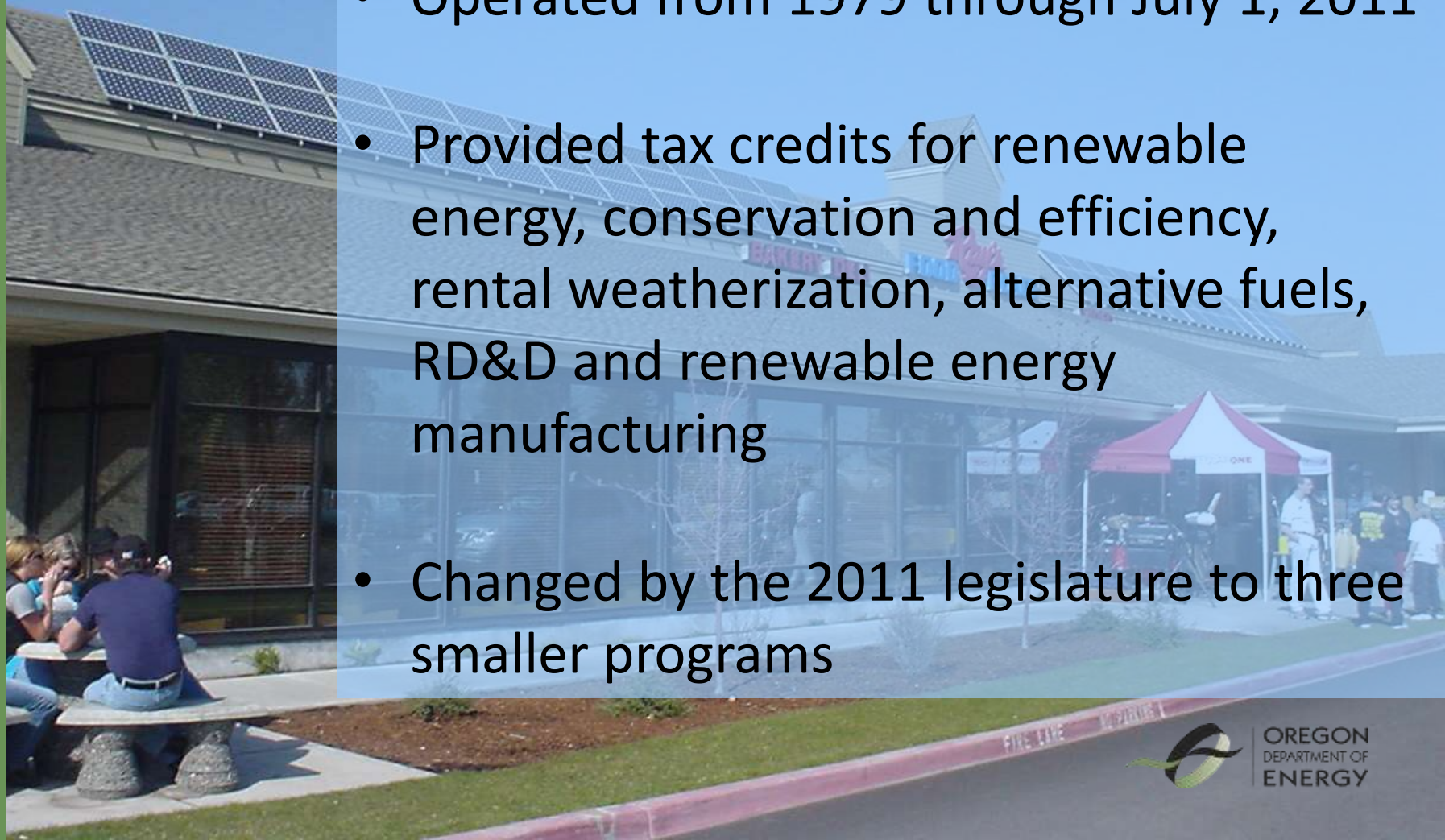
- On-To Technology, a Bend R&D company that helps recycle the growing number of lithium ion batteries from consumer electronic and vehicles
- EasyStreet data center that uses green technology to reduce operating expenses and conserve power. Projected to have energy savings of approximately 2.3 million kWh, SELP is providing \$4.5 million in loan funds for this project

SELP Projects Funded

- SELP has helped enhance Oregon's renewable energy manufacturing by approving a \$20 million to SoloPower for its thin film manufacturing facility in Portland
- SoloPower's first line expects to create 140 direct/indirect labor jobs, 35 R&D jobs and 30 plant support jobs. With five years of expansion, the company expects to have 500 jobs

Economic Activity—BETC

- Operated from 1979 through July 1, 2011
- Provided tax credits for renewable energy, conservation and efficiency, rental weatherization, alternative fuels, RD&D and renewable energy manufacturing
- Changed by the 2011 legislature to three smaller programs



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Energy Tax Credits for Business

- Still includes the Pass-through Option, first developed in 1985 to have IOUs assume tax credits for rental housing projects in return for a cash payment incentive. The idea was to stimulate more rental housing energy conservation projects, which were infrequent during the early 1980s.
 - The Pass-through Option was expanded by the legislature in 2001 to include non-profits, tribes, schools and others without a tax liability to use the BETC program.

BETC Pass-through

- Allows for such projects as the Confederated Tribes of the Warm Springs Composite Products business. This economic enterprise is saving nearly \$24,000 a year on its electric bills by installing a variable frequency drive air compressor and other measures, making this industrial process more energy-efficient.
 - Warm Springs Composite Products produces fire-rated door components, specialized wood products and commercial component composites.

RETC—Residential Energy Tax Credits

- Since 1979 has provided tax credits for highly efficient appliances, heating systems, duct sealing, solar, wind, geothermal, alternative fuel vehicles and fuel cells.
- Changed by the 2011 legislature to eliminate appliances and alternative fuel vehicles.



Agency Resources

- The Oregon Department of Energy receives no state general funds, but uses federal funds and fees
- The Energy Supplier Assessment is the main source of agency funds
 - An annual fee supporting activities not covered by other revenue sources
 - Currently assessed at .069% of an energy supplier's gross Oregon operating revenue, but can go up to .50%

Taking Advantage of Other Funds

ODOE agreed to make use of \$1 million in overcharge money from the 2001 West Coast energy crisis and turned it into a grant program known as CREFF, the Community Renewable Energy Feasibility Fund.

It was designed to encourage widespread development of Oregon's many renewable energy resources.

Use of Other Funds

- In state law—Petroleum Supplier Assessment
 - Helps fund energy conservation services through the State Home Oil Weatherization (SHOW) program.
 - Total fund amount is \$400,000 annually. Covers oil, wood, propane-heated homes.

Policy Structures

- **Renewable Portfolio Standard** in 2007 directed the state's three largest electric utilities (PGE, PacifiCorp and the Eugene Water and Electric Board) to meet 25% of their retail sales with renewable energy by 2025
- **Renewable Fuel Standard (RFS)** in 2007 set percentages for ethanol and biodiesel

Policy Structures

- House Bill 3039 in 2009 established the first **feed-in tariff** in the US for solar photovoltaic systems. The bill directed the PUC to establish pilot feed-in tariff for each investor-owned utility.



Oregon Tax Incentives

- Enterprise Zones:
 - Business exemption from local property taxes on new plant and equipment for at least three years (but up to five years) in exchange for locating or expanding in an enterprise zone.
 - Some zones also offer special incentives for investments in long-term rural facilities or electronic commerce operations.

Oregon Tax Incentives

- Strategic Investment Program:
 - The Strategic Investment Program exempts a portion of very large capital investments from property taxes.
- Research Tax Credits:
 - Corporate tax credit for qualified research conducted in Oregon, as a state-level extension of federal R&D tax credits.

Oregon Tax Incentives

- Rural Renewable Energy Development Zones:
 - 3- to 5-year exemption from property taxes on new investments in wind-energy farms, biofuel production and other eligible projects in a designated county.



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Other Oregon Innovations

- The **Oregon Innovation Council** began in 2005 to help jump-start new companies and bring research dollars to Oregon's universities. It is an effort between the state and private business.
 - About 18 new companies have been created
 - \$250 million in federal/private grants have come to the state
 - Provided R&D to more than 250 businesses—including SolarWorld, Intel and Hewlett Packard
 - Raised more than \$70 million in private capital for emerging companies.

Oregon Innovation Council

- Oregon InC has helped create:
 - **Built Environment and Sustainable Technologies Center (BEST)**
Works to transform renewable energy and green building research into on-the-ground products, services and jobs
 - **Oregon Wave Energy Trust (OWET)**
OWET is a non-profit that works between federal, state, local governments and private business to help develop wave technology

Oregon InC

- Three **signature research centers** (SRCs) support and commercialize university research that holds the potential to grow into new companies.
- SRCs also provide gap grants of up to \$250,000 to help promising start-ups survive the so-called "Valley of Death" between a promising idea and a fundable one. SRC support has helped companies raise more than \$70 million in private capital in the last three years.

Oregon InC

- For the 2011-2013 biennium, Oregon InC working on building sustainable practices into Oregon's traditional food processing industry.
- This state/private effort is also focused on new Oregon industries such as wave energy and electric vehicles.



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Thank You

