Briefing Paper
On 2009 Oregon Legislation

July 29, 2009

Summary

Attachment 1 outlines bills passed by the 2009 Legislature that affect Energy Trust or its work.

Background

- The Legislature adjourned June 30, 2009 after having wrestled with an enormous budget deficit.
- Governor Kulongowski may veto any bill within 30 days of adjournment.

Discussion

- These bills, implications for Energy Trust, and next steps, are shown in Attachment 1.

ATTACHMENT 1

2009 Legislation

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Subject	What it does	Energy Trust implications	Comments
Energy Trust transparency (S 597)	• Board must include *ex officio* member chosen by PUC • PUC member must be on nominating committee • By April 15 each year, officers and directors file with PUC disclosure of economic interest • Officers and directors declare actual and potential conflicts of interest when they arise, and abstain from discussion or vote on any item where that officer or director has an actual conflict of interest • Do annual independent financial audit, file with PUC • File budget, action plan, quarterly and annual reports with PUC • Independent management evaluation to review the entity's operations, efficiency and effectiveness at least every five years • PUC may remove any an officer or director who fails to provide disclosure of interest or declare conflict • Secretary of State may audit records • Takes effect 1/1/10	Consistent with current practice, with four exceptions: • PUC member must be on nominating committee • Disclosure of interest more extensive • Officers or directors with actual conflict of interest must abstain from discussion or vote • PUC may remove officers or directors who fails to provide annual disclosure or declare conflict of interest • Secretary of State may audit records	• Staff will review bylaws and propose conforming amendments, if any • Staff prepare new disclosure form • Coordinate with Secretary of State Audit Division
Business Energy Tax Credit (BETC) (HB 2472)	• For 10 MW or smaller renewable or high-efficiency CHP facilities: 50% of cost, $20 million cap • For larger facilities, 35% of cost, $10 million cap • HB 2067 sunsets BETC after 2011	• Effectively reorients renewable program to projects 10 MW and less • Immediately impacts one project (Warm Springs)	• Veto is reportedly being considered • Staff reexamine economics of Warm Springs project
Tax Credit for "alternative energy devices" (HB 2067)	• In addition to ending BETC, HB 2067 sunsets tax credits after 2011 for: residential solar heating cooling or PV; ground water heat pumps; wind generators; energy efficient household appliances; and certain biomass facilities.	•	•

Solar feed-in tariff (HB 3039)	• By 4/1/2010, PUC establish pilot for each utility for production-based tariff for up to 25 MW solar PV • Qualifying systems must be 500 kW or less • Consumers to be paid based on generation for 15 years • Program to get 75% of energy from small-scale systems ("small" to be defined by PUC) • PUC establish nameplate limits so utility rate impact is no more than 0.25% of annual revenue requirement • RECs owned by utilities • Utilities recover cost in rates • Systems do not qualify for public-purpose incentives • Program sunsets 3/1/2015 or when it reaches 25 MW • By 1/1/2020, State to have 20 MW (nameplate) of PV of at least 500 kw; each utility with at least 20 MW and no single project more than 5 MW • Each kW produced by a system in operation before 1/1/2016 that generates at least 500 kW is credited with two kW toward RPS, up to 20 MW	• May suggest Energy Trust discontinue solar PV program • Energy Trust efficiency programs will require more coordination with utilities where PV is an option (e.g., EEAST)	• Staff consult with OPUC, RAC about PV program, make recommendation to board in 2010 budget process
Energy Efficiency and Sustainable Technology Loan Program, "EEAST" (HB 2626)	• Provide energy users access to low-interest, long-term financing for easy and affordable investments in energy efficiency and renewable energy, repaid on utility bills • In IOU territory, Energy Trust administers program • Energy Trust to do pilot programs, report to PUC before 2011 legislature	• Resembles Portland pilot, except residential and commercial, urban and rural • Will require significant staff time and resources • Will increase interaction with utilities • Loan security requirements (liens, assessments) may be complicated	• Staff will develop a work plan • Consider in budget processes
Local Improvement District financing (HB 2181)	• Authorizes local governments to establish local improvement districts within which owners of qualifying residential and commercial property may receive loans financing energy efficiency and renewable energy improvements.	• Provides another tool for financing energy efficiency and renewable projects	

Using Older Biomass for RPS (HB 2940)	• Until 1/1/2020, PURPA biomass generation built before 1995 may be used to comply with renewable portfolio standard • No more than 100 MW per year (counting all facilities) • RECs may banked but not used before 2015 • If between 1/1/2007 and 1/1/2020, owner invests 80% or more of value of facility, facility is considered built after 1/1/1995 • Pre-1995 municipal solid waste combustion facilities may be used for up to 11 aMW per year • PUC may allow “public utilities” to recover cost of hydrogen power stations		• Veto is reportedly being considered