

This document includes a list of obstacles and opportunities brought up at the February 6, 2007 meeting. Those are noted on the left-hand column. The right hand column indicates the status of known efforts being made to address the issues.

Obstacles to Renewable Energy in Oregon

<u>Policy Issues</u>	<u>Status (as of 3/1/07)</u>
Lack of RPS/renewable policy (companies are wary of capital investment)	REWG spent months debating elements of RPS proposal; RPS hearings have started
Interconnection standards take too much time; should have a fast-track option	In progress with PUC; information presented to REWG
Qualifying Facility (QF) price should be regularly set, at least annually	Request to update tariff will be submitted to the PUC soon
Lack of consistent carbon policy; challenge to fit renewable resources within a forthcoming state carbon policy	Policy will be developed; REWG may be able to assist
Statutes make it difficult for PUDs to add/increase green power sources	Part of RPS legislation
Some small cities are constrained by energy resources generated federally (BPA); must work cooperatively with them to increase their Renewable Energy (RE) offerings	Possible REWG letter
State/federal tax credits can be challenging and fluctuate over time	Public education needed; PTC extension looks fairly certain
Tax credits/rebates as the primary incentive promoted; this is a negative for start-ups and publicly-oriented projects	Tradability of PTC would be helpful; Possible REWG letter
<u>Technical Issues</u>	
Lack of currently available transmission and integration capacity; firming capacity	Draft NW Wind Integration Study is out; presentation will be made to REWG
Transmission constraints; costs may be higher for RE due to location of resources	NW Wind Integration Study could indicate role for REWG
Need to develop high capacity (95% of nameplate) renewable resources (geothermal, biomass, wave); utilities are concerned with intermittency of some RE (wind, solar)	Overall goal in REAP
The RE industry is small and currently expertise must be brought in	The industry is growing
Incentives and processes are confusing for companies/individuals wanting to develop RE resources	ODOE, OECDD working to address; community templates being developed
Lack of state/federal staff assistance to help leverage federal funds for projects, provide information	ETO is helping with USDA farm bill grant applications
Market must be willing to pay for investment in new resources	Market distortions could be eliminated; risk internalized in transparent process
Human tendency to avoid change, especially when it involves higher costs	Public education needed; REWG can assist
Past policies have not served the state well regarding diversity of energy	RPS legislation addresses some of this
<u>Specific Renewables Issues</u>	
Lack of reliable, long-term fuel supply contracts for biomass; most current projects are tied to forest health	Forest Biomass Report presented to REWG; Needs follow up from REWG & Biomass Working Group
Levelized supply of biomass; lack of stewardship contracts from USFS and BLM	Forest Biomass Report presented to REWG; Needs follow up from REWG & Biomass Working Group
For geothermal, the entire fuel source is developed and purchased for a 30-year fuel cycle, therefore the upfront capital costs create a challenge	Federal geothermal budget eliminated; Possible REWG letter

Opportunities for Renewable Energy in Oregon

<u>Opportunity</u>	<u>Status</u>
Distributed energy/distributed generation systems should be explored/developed to offset variability in RE resources and transmission issues	Some discussion in REWG; Needs follow up from REWG
Need to develop creative ways to bring more RE to market and bring RE costs down	Needs work from REWG
Wind integration with BPA or other large hydro system	Draft NW Wind Integration Study is out; presentation will be made to REWG
Need centralized location for RE developers to go to and learn about incentives/processes and get technical assistance	OECD, ETO, ODOE have incentive programs; could better coordinate
Tax increment finance program with grants and loans (rather than credits or rebates)	
Utility-scale solar thermal production teamed with natural gas	Some interest from companies