

OREGON SMALL-SCALE HYDRO: FINANCIAL INCENTIVES

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OREGON
DEPARTMENT OF
ENERGY

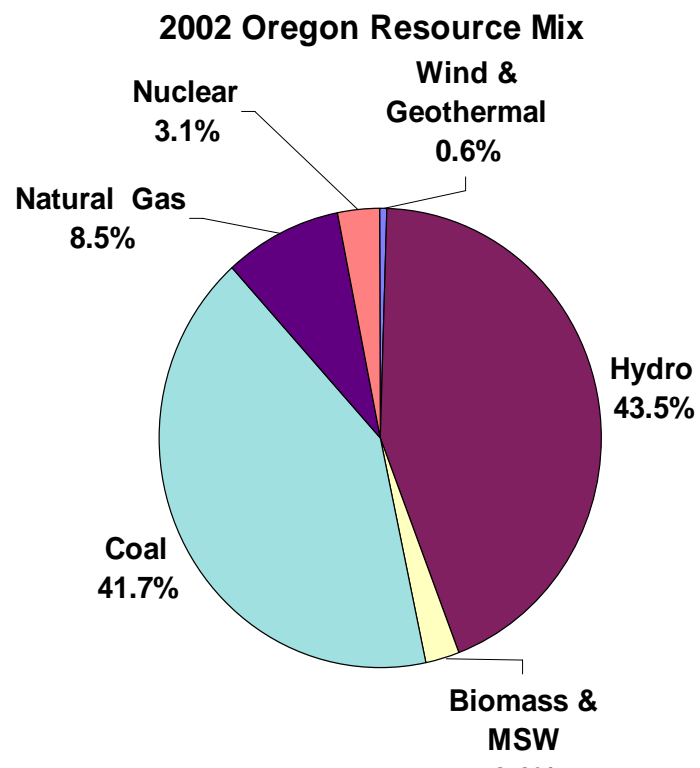
Presentation Overview

- ◆ Oregon's Energy Use
- ◆ Energy Conservation
- ◆ Renewable Energy
- ◆ Incentives
 - State
 - Federal
 - Other
- ◆ Resource List

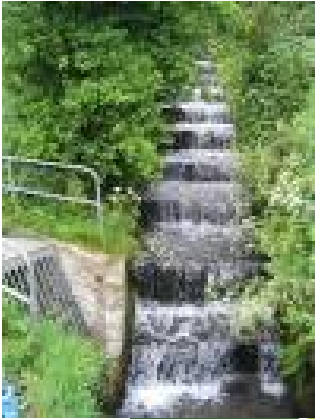


Sources of Electricity Used in Oregon

- ◆ Not all based in Oregon
- ◆ Actual hydro generation depends on water year
- ◆ Recent sources mostly natural gas-fired
- ◆ Western Interconnection creates a single market
- ◆ Resource mix to a user depends on utility
- ◆ Retail Customers have some choice



Oregon Renewable Resources



Incentives for Energy Projects

Can combine most incentives most of the time

- ◆ State Programs

- ◆ Feasibility Study Funds
- ◆ Residential Energy Tax Credit (no hydro)
- ◆ Business Energy Tax Credit
- ◆ Energy Loans



Feasibility Studies

- ◆ Up to \$50,000 from State of Oregon
 - initial resource assessment
 - investigate siting and permitting
 - transmission and interconnection issues
 - ownership structure and funding mechanisms
 - project costs and economic viability
 - evaluate potential financial incentives
 - available output contracts and price
 - fatal flaw analysis
 - community issues and acceptance
- ◆ 25% Cost Share from Applicant
- ◆ Coordinated with Other Funding Sources



Feasibility Studies

- ◆ Renewable Energy Feasibility (REF) Fund
 - Oregon Economic & Community Development
 - available to Municipalities
 - Special Public Works Fund
 - first round: 3 of 4 awards for hydro
 - econ.oregon.gov/ECDD/REFF.shtml
- ◆ Community Renewable Energy Feasibility (CREF) Program
 - Oregon Department of Energy
 - available to other entities and individuals
 - Reliant settlement
 - repayment conditions



Business Energy Tax Credit

- ◆ Businesses, tribes, non-profits, public entities
- ◆ 35% of **eligible** project costs
 - ($\$10$ million max = $\$3.5$ million max credit)
- ◆ maximum hydro plant size = 1 MW
- ◆ Tax credit taken over 5 years (10% x 2, 5% x 3)
- ◆ If eligible costs are $\$20,000$ or less, credit can be claimed in first year
- ◆ Pass-through option available
- ◆ Proposed increase for renewable projects:
 - 50% of eligible costs
 - ($\$20$ million max = $\$10$ million max credit)
 - maximum hydro plant size = 10 MW



Energy Loan Program

- ◆ Public entities, Tribes, Businesses, Individuals, Non-profits
- ◆ Study, Design, Build Costs
- ◆ Funds from State GO bonds (renewable is tax-exempt)
- ◆ Fees and interest spread pay program costs
- ◆ > 680 loans, over \$335 million
- ◆ Energy Savings/Production > \$44 million per year



Ashland City Hall

Projects that
serve an Oregon
energy need.



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Energy Loan Program Terms

- ◆ \$20,000 to \$20 million
- ◆ 5 to 20+ year terms
- ◆ Construction and take-out
- ◆ Fixed rates (May 2007)
for 15 year term
 - Taxable 6.95%
 - Tax-exempt below 6%
- ◆ Collateral required
- ◆ Prepayment penalty except
small/short term loans

***Flexible terms and
loan structure!***



Abundant Renewable Energy 10kW



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Other Incentive Sources

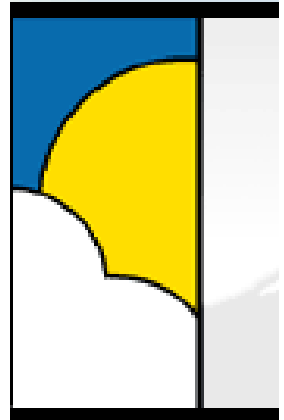
- ◆ Federal Energy Programs (more after lunch)
 - USDA
 - Production Tax Credit
- ◆ Energy Trust of Oregon
- ◆ Utility Programs
- ◆ Renewable Energy Credits (green tags)
- ◆ Carbon Credits



Resource List

- ◆ Oregon Department of Energy
 - <http://www.oregon.gov/ENERGY>
 - Tax Credits, Loans, Technical Assistance
- ◆ Energy Trust of Oregon
 - <http://www.energytrust.org>
 - Energy Analysis, Cash Incentives/rebates
- ◆ USDA
 - <http://www.rurdev.usda.gov/OR/>
 - Loans, Loan Guarantees, Grants
- ◆ The Climate Trust
 - <http://www.climatetrust.org>
 - Carbon Offset

The
Climate
Trust




EnergyTrust
of Oregon, Inc.



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