

Oregon Public Utility Commission, Energy Efficiency Deep Dive Workshop

February 24, 2012

Agency Overview

In 1975, the Oregon legislature created the Oregon Department of Energy (ODOE) with a mandate to promote energy efficiency; develop diverse energy resources; eliminate waste through conservation and resource recovery; and help citizens and industries plan for future energy availability. ODOE's mission is to ensure that Oregon has an adequate supply of reliable and affordable energy and is safe from nuclear contamination.

ODOE's Long Standing Energy Programs

Energy Efficient Schools Program

This program includes the Senate Bill 1149 (2001) funded K-12 Schools Program and activities under the Cool Schools Initiative, HB 2960 (2011). SB 1149 provides for the collection of a public-purpose charge from Portland General Electric and PacifiCorp customers. Ten percent of these funds go towards energy-efficiency upgrades to K-12 public school educational facilities. ODOE provides administration and oversight of the public purpose schools which encompasses approximately 840 K-12 schools in 111 school districts, and impacts 390,000 students annually. The Cool Schools Initiative is a statewide effort to support schools wanting to complete energy efficiency upgrades using low cost loans. More broadly, the Cool Schools Initiative strives to put money back in the classroom, boost student and teacher performance, and put Oregonians back to work.

Public Buildings: State Energy Efficient Design (SEED)

SEED was established in 1991 by the Oregon Legislature. State agencies are directed to work with ODOE to ensure cost-effective energy conservation measures are included in new and renovated agency buildings. The law was revised in 2001 to require that state facilities constructed after June 30, 2001 exceed the energy conservation provisions of the Oregon State building code by 20 percent or more. In addition, state agencies are required to annually report combined energy use for state owned buildings and to reduce agency energy use in owned buildings by 20% over its 2000 baseline by 2015. ODOE reports biennial on SEED and agency energy savings progress to the legislature. House Bill 2620 (2007) requires that public entities spend 1.5 percent of the total contract price of a public improvement contract for new construction or major renovation of a public building on solar energy technology.

Self-Direction of the Public Purpose Charge

Senate Bill 1149 provides that PGE and Pacific Power must collect a public purpose charge from both residential and business consumers within their service areas that is equal to 3 percent of the total revenues from electricity services. It went into effect on March 1, 2002. Large electric consumers (over 1 average megawatt or 8,760,000 kilowatt hours a year) may be eligible to

self-direct portions of their public purpose charges. ODOE is directed to review and certify applications by large electric consumers for conservation projects and renewable energy resources.

New Business Energy Incentive Programs formed by HB 3672 (2011)

Legislation passed by the 2011 Legislature impacted all of the Oregon Department of Energy's (ODOE) tax credit programs. The bill ended the Business Energy Tax Credit (BETC) program sooner than existing statute and replaced it with three new energy incentive programs; separate ones for renewable energy generation, conservation and transportation. In addition, the bill modified and extended the Residential Energy Tax Credit (RETC) and the Biomass Producer and Collector Tax Credits to 2018. For the latest information on the new tax credit programs go to: <http://www.oregon.gov/ENERGY/BUSINESS/index.shtml>

Former Business Energy Tax Credit (BETC)

Historically, BETCs were available for Oregon businesses that invest in energy conservation, recycling, renewable energy resources and less-polluting transportation fuels. The tax credit covered costs directly related to the project, including equipment cost, engineering and design fees, materials, supplies and installation costs. The tax credit amount varied by the type of project completed and was either 35 percent or 50 percent of the eligible project costs, taken over five years. Passage of HB 3672 (2011) ended this program on July 1, 2011; however, ODOE is still completing certification of tax credits that came in prior to the sunset.

Residential Energy Tax Credit (RETC)

Prior to 2012, tax credits were available for qualifying energy-saving appliances, renewable energy systems, alternative fuel vehicles, and heating and ventilation systems. The tax credit amount for qualifying equipment or systems is based on the energy saved and the cost of the equipment. Passage of HB 3672 (2011) removed energy-efficient appliances, alternative fuel vehicles and vehicle conversion equipment from qualifying for a RETC as of Jan. 1, 2012. Tax credits for hybrid vehicles ended December 31, 2009. Beginning in 2012, qualifying systems and equipment that are still eligible for a RETC include: solar and wind, ground-source heat pumps, highly efficient furnaces and heat pumps, premium-efficiency wood stoves, and tankless gas water heaters.

Biomass Producer or Collector Tax Credit

HB 2078 (2009), Section 49, amended Oregon Revised Statute (ORS) 315.141 to allow a tax credit for agricultural producers or collectors of biomass that is used in Oregon as biofuel or to produce biofuel. ORS 315.141 authorizes ODOE to establish by rule the criteria for determining the amount of the tax credit to be certified, and to charge and collect a fee from taxpayers for certification of those credits. In June 2010 ODOE adopted administrative rules that provide the procedure and criteria for certifying these tax credits and internal processes to administer this new certification program. HB 3672 (2011) modified the credit criteria and extended the program sunset to January 1, 2018.

State Energy Loan Program (SELP)

The purpose of SELP is to promote energy conservation and renewable energy resource development. The program offers low-interest, fixed-rate loans for projects that: save energy; produce energy from renewable resources such as water, wind, geothermal, solar, biomass, waste materials or waste heat; use recycled materials to create products; or use alternative fuels. Since the program began in 1980, SELP has made more than 840 loans totaling approximately \$570 million. SELP can loan to individuals, businesses, schools, cities, counties, special districts, state and federal agencies, public corporations, cooperatives, tribes, and non-profits.

State Home Oil Weatherization Program (SHOW)

The SHOW Program serves Oregon households that heat with oil, propane, kerosene, butane, or wood. SHOW-eligible homeowners can conduct their own energy audit and apply for cash rebates for installed weatherization and heating measures. Eligible SHOW homeowners can receive a maximum rebate of \$500. Either owner-occupied homes or rentals may qualify for rebates if heated with fuel oil (oil, propane, butane, or kerosene) or wood.

In addition to these long standing programs, ODOE has participated in or led numerous conservation initiatives and grant funded activities in the residential, industrial and commercial sectors over the years.