



# Wind Energy Development in Oregon State and Federal Incentives

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OREGON  
DEPARTMENT OF  
ENERGY

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# Energy Loan Program Terms

- \$20,000 to \$20 million
- 5 to 20+ year terms
- Construction and/or take-out loans
- Application fee + 1% loan fee
- Low fixed rates (August 2008)
  - Taxable 6.2%, 15 year
  - Tax-exempt 5.50%, 15 years
  - Subject to bond sale timing
- Collateral required



# Business Energy Tax Credit (BETC)

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- 50% tax credit for renewable resources
- Project cost limited to \$20 million; \$40 million for manufacturing facilities that make renewable energy equipment
- Project pre-certification **before** project start
- For small wind: maximum simple payback period is 15 years
  - Calculate the value of the first year energy produced by multiplying the estimated annual production times the value of the kWh (maximum 25 cents per kWh)
  - **Example 1:** Installed cost \$50,000, annual energy production is 20,000 kWh. Therefore, annual value is \$5,000, payback is 10 years, thus the total cost is eligible.
  - **Example 2:** Same installed cost, not so good site, annual energy production is 10,000 kWh. Annual value is \$2,500, payback is 20 years. Therefore, the eligible cost is \$50,000 times 15/20 times or \$37,500.

# BETC Pass-Through Option

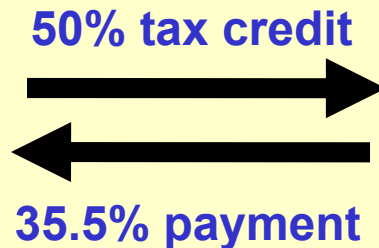
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## The Pass Through- Partner

- ◆ For 5-year projects: pays the net present value (33.5%) of eligible project costs and gets the 50% tax credit
- ◆ For 1-year projects: pays the net present value (43.5%) of eligible project costs and gets the 50% tax credit
- ◆ Business or Individual (one or more)
- ◆ Must have an Oregon tax liability
- ◆ Can help capitalise a project

### Project owner

(church, school,  
public entity,  
business, etc.)



### Pass-through partner

(business or individual with  
an Oregon tax liability)

# Residential Energy Credits (RETC)

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- For small wind:
  - Based on estimated first year kWh produced
  - Maximum of \$6,000, with a maximum of \$1,500 per year spread out over 4 years
- Tax credit calculation:
  - Estimate first year annual energy production in kWh
  - Multiply this production number with \$2
  - Tax credit is the lesser of this multiplication amount or 50 % of the cost of the wind energy facility, with a maximum of \$6,000

# State Feasibility Study Grants

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- **Renewable Energy Feasibility (REF) Fund**

Oregon Economic & Community Development Dep.

Available to Municipalities

Special Public Works Fund

Maximum award is \$50,000 with 25% applicant cost share

Spring and fall competitive awards

<http://econ.oregon.gov/ECDD/CD/REFF/home.shtml>

- **Community Renewable Energy Feasibility (CREF) Program**

Oregon Department of Energy

Available to all public and private entities

Reliant settlement

Maximum award is \$50,000 with 25% applicant cost share

Summer and winter competitive awards

Repayment requirement if project is developed

<http://oregon.gov/ENERGY/RENEW/CREF.shtml>

# Net metering

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- For customers of PGE, PacifiCorp and Idaho Power:
  - Maximum capacity is 2 MW for commercial customers, 25 kW for residential.
  - Annual net metering: surplus is donated back to the utility for low income customers.
- For customers of the Consumer Owned Utilities:
  - Maximum capacity is 25 kW
  - Rules vary



# Federal Policy

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- Production Tax Credit Extension: 1 year, through the end of 2009
- Tax credit for small wind turbines of 100 kW or less, through Dec 31, 2016
  - 30% of total cost, not to exceed \$4,000
  - for residential: the lesser of \$4,000 or \$1,000 per kW

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