Oregon State Biomass Policies and Instruments

- Oregon Renewable Fuels Standards (Tax Policy)
- Tax Credit for Renewable Energy Equipment Manufacturer (Tax Policy)
- Biomass Logging Bill (Regulatory)
- Mandatory Utility Green Power Option (Regulatory)
- Oregon Strategy for Greenhouse Gas Reductions (Market Activity)
- Business Energy Tax Credit (Tax Policy)
- Renewable Energy Development Grant Program (Disbursement)
- Biomass Producer or Collector Tax Credit (Tax Policy)
- Energy Trust Open Solicitation Program (Disbursement)
- Oregon Renewable Action Energy Plan (R&D)
- Biomass Program (Disbursement)
**Oregon State Biomass Policies and Instruments, 2000 – 2013**

**Tax Policy:**

**Renewable Energy Systems Exemption** - Oregon's property tax exemption is available to commercial, industrial, and residential sectors and states that the added value to any property from the installation of a qualifying renewable energy system will not be included in the assessment of the property's value for property tax purposes. Qualifying renewables include passive solar space heat, solar water heat, solar space heat, solar thermal electric, solar thermal process heat, photovoltaics, landfill gas, wind, biomass, hydroelectric, geothermal electric, fuel cells, geothermal heat pumps, and methane gas systems, for the purpose of heating, cooling or generating electricity.

**Oregon Renewable Fuels Standards** – Creates income tax credit for production or collection of biomass used to produce biofuel; creates income tax credit for consumer use of biofuels for transportation or home heating (up to $200); and modifies energy facility siting requirement exemptions. It also creates a quality assurance program and establishes state production tax credits for woody biomass and other feedstocks. A $10/green ton state income tax credit for the removal and use for energy of material directly from the woods is guaranteed.

**Tax Credit for Renewable Energy Equipment Manufacturer** - Companion legislation to HB 2210 – increases the annual cap on the business energy tax credit from 35% to 50%, expands BETC to include facilities that manufacture or distribute alternative fuels, and modifies the period over which credit may be claimed. The tax credit equals 50% of the construction costs of a facility which will manufacture renewable energy systems, and includes the costs of the building, excavation, machinery and equipment which is used primarily to manufacturer renewable energy systems. The credit applies to companies that manufacture systems that harness energy from wood waste or other wastes from farm and forest lands, non-petroleum plant or animal based biomass, the sun, wind, water, or geothermal resources.

**Business Energy Tax Credit** - The Oregon Department of Energy offers a Business Energy Tax Credit Program where a 50 percent tax credit is taken over five years: 10% the first and second years, and five percent for each year thereafter. Any unused credit can be carried forward up to eight years. Those with eligible project costs of $20,000 or less may take the tax credit in one year. Projects that use solar, wind, hydro, geothermal, biomass, or fuel cells (renewable fuels only) to produce energy, displace energy, or reclaim energy from waste may qualify for a tax credit. Renewable resource projects must replace at least 10 percent of the electricity, gas or oil used. The energy can be used on site or sold.

**Biomass Producer or Collector Tax Credit** – To be eligible for the tax credit under ORS 315.141 (Biomass production or collection), the biomass must be produced or collected in Oregon as a feedstock for bioenergy or biofuel production in Oregon.

**Rules and Regulations:**

**Biomass Logging Bill** – Promotes the use of biomass from logging projects on federal land as both a restoration tool and electricity generation mechanism. It also directs the Oregon Department of Forestry to participate in federal forest project planning and land management. SB 1072 spells out that the “Policy of the State” of Oregon is to support efforts to build and place in service biomass fueled electrical power generation plants that utilize biomass collected from forests or derived from other sources, such as agriculture or municipal waste. SB 1072 requires the Oregon Board of Forestry to direct the State Forester to enter into stewardship contract agreements with federal agencies to carry out forest management activities on federal lands.

**Mandatory Utility Green Power Option** – Requires all electric utilities to offer customers an optional green-power program. A "significant portion" of the electricity sold by a utility as green power must be generated using qualifying renewables, including wind energy, solar-thermal energy, solar-electric energy, ocean energy, geothermal energy, hydropower and/or certain forms of biomass energy. Each utility must inform customers of the sources of the electricity included in its green-power program.
Market Activity:

**Oregon Net Metering (1999)** – The limit on individual residential systems is 25 kW. Systems that generate electricity using solar power, wind power, hydropower, fuel cells or biomass resources are eligible. Net-metered systems must be intended primarily to offset part or all of a customer’s requirements for electricity. Net excess generation (NEG) is either purchased at the utility’s avoided-cost rate or credited to the customer’s next monthly bill as a kilowatt-hour credit. At the end of an annual period, any unused NEG credit is granted to the electric utility. This credit, in turn, is then either granted to customers enrolled in the utility’s low-income assistance programs, credited to the generating customer or dedicated to an "other use."

**Oregon Strategy for Greenhouse Gas Reduction** – 25 MW of new biomass-fueled electric generation built or under construction (of which 5 MW will be from new biogas generation facilities from wastewater treatment, dairies and landfills). Reduce wildfire risk by creating a market for woody biomass from forests. Moreover, 1) By 2010, arrest the growth of Oregon’s greenhouse gas emissions (including, but not limited to CO2) and begin to reduce them, making measurable progress toward meeting the existing benchmark for CO2 of not exceeding 1990 levels. 2) By 2020, achieve a 10 percent reduction below 1990 greenhouse gas levels. 3) By 2050, achieve a “climate stabilization” emissions level at least 75 percent below 1990 levels.

Disbursements:

**Small-Scale Energy Loan Program (1980)** - The Oregon Department of Energy makes low-interest loans for projects that produce energy from renewable resources, that conserve energy resources or that use recycled materials to create products. The Small Scale Energy Loan Program (SELP) is a self-supporting loan program funded by the sale of Oregon general obligation bonds. Borrowers can use loan funds to pay most direct energy project costs and related project costs such as engineering and design, permit fees, loan fees and project management costs.

**Biomass Program** – The Energy Trust of Oregon is a nonprofit organization that was created to invest public purpose funding for energy efficiency and renewable energy in Oregon. The Energy Trust created the Open Solicitations program in May 2002 to support renewable energy projects that are not eligible for other Energy Trust renewable energy incentive programs. About $2 million annually is available to fund projects in the areas of small wind, solar photovoltaics, biomass, biogas, small hydro, and geothermal. Individual projects do not have a funding cap; however the program is expected to fund around four to six projects a year. The program also has resources to share the cost of feasibility studies, and may also be able to assist applicants in applying for other project funding, for instance federal grants or loan guarantees.

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**Renewable Energy Development Grant Program** – Using revenues generated from the sales of Green Tags, Bonneville Environmental Foundation accepts proposals for funding for renewable energy projects located in the Pacific Northwest. Projects that generate electricity are preferred. Acceptable projects include solar photovoltaics, solar thermal electric, wind, hydro, biomass and animal waste-to-energy. If a BEF grant is requested for a generating project, the BEF share will not exceed 33% of total capital costs and 0% of operating costs.
Research and Development:

Oregon Renewable Action Energy Plan – Outlines plan of action for renewables. Specifically for biomass: 25 megawatts of new biomass-fueled electric generation will be built or under construction, in addition to the aforementioned 5 megawatts of biogas facilities. Allow biomass facilities to qualify for net metering and allow the Oregon Public Utility Commission to adopt rules to increase the 25-kilowatt limit on a net metering facility for customers of Portland General Electric and Pacific Power. Encourage the development and utilization of small energy efficient biomass heating and electrical systems for heating and providing power to institutions, state offices, schools, etc., especially in rural Oregon. Promote greater public awareness of the primary and secondary benefits of biomass energy production.

Cost-Share and Grants:

Government Services: