

## FREQUENTLY ASKED QUESTIONS ENERGY INCENTIVES PROGRAM (FORMERLY BETC)

July 15, 2011

*NOTE: As of the above date, HB 3672 (2011) has not been signed by Governor Kitzhaber*

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1. How will the tax credits for the new group of Energy Conservation Projects under HB 3672 be related to the currently existing “Sustainable Building Practices Facility” credits under ORS 469.185(13) and OAR 390-080-0135?  
**The Oregon Department of Energy (ODOE) will be adopting temporary rules due to the effective date of the bill. It will then work on drafting permanent rules that address the program changes.**
2. Under HB 3672, is the grant program tied to the contributions?  
**The grant program is expected to be funded with proceeds from the auction of tax credits. The Oregon Department of Revenue (ODOR) is authorized to auction off at least \$1.5 million of energy-related tax credits annually. ODOE is working with the Oregon Department of Revenue on developing the auction rules.**
3. Did the legislature fund the grant program?  
**The legislature did not fund the program; however, it does have the ability to provide funding if it so chooses. The grant program is expected to be funded through an auction program that will be managed through the ODOR. ODOR is authorized to auction off—annually—approximately \$1.5 million in tax credits. The proceeds of the auction will then be used to fund grants authorized under HB 3672.**
4. How and when will the auction program be launched?  
**ODOE will coordinate with the ODOR to conduct the auction. Once the auction process has been finalized and ODOR is prepared to launch, ODOE will coordinate with ODOR to provide a public announcement of details related to any forthcoming auction activities.**
5. What is ODOE’s rulemaking plan and what are the timelines?  
**ODOE is actively putting together a rulemaking plan. As soon as the plan is developed, it will be available with the schedule, which will be available soon. ODOE will post this information on its website. You can also opt into the agency’s list-serve to receive email alerts regarding planned meetings and other related activities.**
6. Will there be a work group to help with rule drafting?  
**Yes. ODOE values public input. Opportunities to participate will be announced on ODOE’s website.**

7. Because of some of the sunset provisions, should eligible applicants submit preliminary applications now, even though the rules aren't written?  
**Applications will not be available until rules have been adopted. ODOE expects to have temporary rules in place the beginning of October 2011. Please do not send in any preliminary application forms at this time. ODOE will not be able to process them until it has developed rules.**
8. Will OBDD take anything else from ODOE in addition to the renewable energy manufacturing function?  
**There are no known plans to shift any additional programs between either of the agencies. The renewable manufacturing tax credit is a perfect complement to Oregon Business Development Department's (OBDD) recruitment activities and ODOE will continue supporting their management of the credit with technical assistance.**
9. Why are LEED and Green Globes, etc., defined in HB 3672, Section 38? Will LEED Silver still be the standard?  
**Green Globes certification was approved by the legislature as an alternative to LEED project standards. LEED project requirements were elevated to LEED Platinum.**
10. Will you hire a new BETC manager, and if so, when?  
**ODOE recently appointed Maureen Bock to an eight-month rotation as the energy incentives program manager (formerly the BETC program). Ms. Bock is actively involved in developing the framework and rules for the new tax incentives program authorized in HB 3672.**
11. Does ODOE intend to show how the State and Federal tax credits and incentives "merge" in some form on a webpage?  
**ODOE will consider providing examples via its website, but would ask that the person inquiring provide a little more clarity in the question. Assuming that this question relates to the issue of how federal grants are factored into the calculation for state tax credits, ODOE will look to develop application materials that show such impacts more clearly.**
12. When will the new applications be available?  
**HB 3672 is effective on October 2011. ODOE is working on developing the applications and expects them to be available at that time. ODOE also expects to have completed temporary rulemaking prior to the effective date.**
13. Was ODOE involved in writing HB 3672?  
**While HB 3672 is a product of the 2011 Legislature, ODOE was called upon to provide historical data and comments during the drafting of the bill.**

14. How will you allocate the renewable energy grant funds?  
**Allocation of energy incentives, including grant funds, have not yet been determined. Allocations will be determined as part of the rulemaking process.**
15. What does this mean for lighting projects?  
**Lighting projects are eligible as a conservation project. Like other projects, they will be subject to the 3- to 15-year payback criteria on energy savings. Additional clarification of qualifying conservation applications will be determined in the rulemaking process.**
16. When will you begin accepting applications?  
**The possible start date is October 2011.**
17. Is the conservation tax credit still 35 percent?  
**Yes. It should also be noted that “transportation” is no longer part of the conservation incentive. Incentives for transportation projects were separated out under HB 3672 and those credits will be subject to a reduced percentage of 25 percent starting this year through 2012; 20 percent in 2013; 15 percent in 2014; and finalizes in 2015 at 10 percent.**
18. How does this change affect industrial projects?  
**We are uncertain to what degree this change will affect industrial projects. We do recognize that the limited availability of tax credits will have a significant effect on energy projects throughout the state.**
19. What are you doing with applications that came in after April 15?  
**We are holding these applications until HB 3672 is signed. Additional information about these applications is forthcoming.**
20. What does “under construction” mean?  
**The term will be further defined during the rulemaking process.**
21. Was there a previous cap on conservation projects?  
**The BETC program, since its inception in 1979, has experienced various changes including caps.**
22. Can this law be adjusted in the 2012 session?  
**Yes.**
23. Why don't you have more details?  
**ODOE was not aware of all the details until the final version of HB 3672 became available in the last week of the legislative session. The law will go into effect 90 days from its passing. The new rule language will be developed in a public process.**

24. Why were electric vehicles eliminated when they are just coming onto the market?  
**This was a determination of the legislative body. Oregon is faced with severe budget issues and the legislature was faced with many tough decisions this session. The move to reduce the availability of tax credits will result in an increase in General Fund revenues and contribute to reducing the State's deficit issues over the long run.**
25. Does this change the "pass-through?"  
**The pass-through program remains intact; however, renewable energy tax credits will only be available through the previously discussed auction. See questions 2, 3 and 4.**
26. What constitutes a complete or finished project?  
**ODOE defines "Completed Facility" in [OAR 330-090-0110\(17\)](#) as "a facility for which all costs have been paid or committed by a binding contract or agreement and that is installed and operating or, in the case of a Research, Development and Demonstration facility, which the Director determines the applicant has made all reasonable efforts to operate, including making changes required by the Department." The term facility in the BETC Administrative rules refers to an energy facility (project), see [ORS 469.185\(6\)](#). Therefore, the facility completion date is when the energy project's costs have been paid or committed to by a binding contract or agreement and the energy project is installed and operating at capacity.**
27. Has HB 3672 extended the deadline for submission of the application for final certification?  
**Yes. HB 3672 extended the final certification deadline to January 1, 2013 for projects that have received preliminary certification before July 1, 2011 or that have received preliminary certification and can demonstrate evidence of beginning construction before April 15, 2011.**

**Note:**

ODOE intends to clarify in rulemaking: Applications for final certification will need to be submitted 60 days prior to January 1, 2013, allowing applications to be processed prior to the final eligible date that the final BETC certifications can be issued.