

Enrolled House Bill 2182

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for State Department of Energy)

CHAPTER

AN ACT

Relating to small scale local energy projects; creating new provisions; and amending ORS 470.050 and 470.070.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 470.050 is amended to read:

470.050. As used in this chapter, unless the context requires otherwise:

(1) "Alternative fuel project" means:

(a) *[A fleet of vehicles]* **Equipment, including vehicles that are not used primarily for personal, family or household purposes,** that *[are]* **is** modified or acquired directly from a factory and that:

(A) *[Use]* **Uses** an alternative fuel including electricity, *[ethanol]* **biofuel**, gasohol with at least *[10]* **20** percent denatured alcohol content, hydrogen, hythane, methane, methanol, natural gas, propane or any other fuel approved by the Director of the State Department of Energy; and

(B) *[Produce]* **Produces** lower *[or equivalent]* exhaust emissions or *[are]* **is** more energy efficient than **equivalent equipment** *[vehicles]* fueled by gasoline **or diesel**; and

(b) A facility, including a fueling station, **or equipment** necessary to **produce alternative fuel or operate equipment that uses** an alternative fuel *[vehicle fleet]*.

(2) "Applicant" means an applicant for a small scale local energy project loan.

(3) "Committee" means the Small Scale Local Energy Project Advisory Committee created under ORS 470.070.

(4) "Cooperative" means a cooperative corporation organized under ORS chapter 62.

(5) "Director" means the Director of the State Department of Energy appointed under ORS 469.040.

(6) "Eligible federal agency" means a federal agency or public corporation created by the federal government that proposes to use a loan for a small scale energy project. "Eligible federal agency" does not include a federal agency or public corporation created by the federal government that proposes to use a loan for a small scale energy project to generate electricity for sale.

(7) "Eligible state agency" means a state officer, board, commission, department, institution, branch or agency of the state whose costs are paid wholly or in part from funds held in the State Treasury.

(8) "Loan" includes the purchase or other acquisition of evidence of indebtedness and money used for the purchase or other acquisition of evidence of indebtedness.

(9) "Loan contract" means the evidence of indebtedness and all instruments used in the purchase or acquisition of the evidence of indebtedness. For eligible federal or state agencies or mu-

municipal corporations that are tax exempt entities, a loan contract may include a lease purchase agreement with respect to personal property.

(10) "Loan fund" means the Small Scale Local Energy Project Loan Fund created by Article XI-J of the Oregon Constitution.

(11) "Municipal corporation" has the meaning given in ORS 297.405 and also includes any Indian tribe or authorized Indian tribal organization or any combination of two or more of these tribes or organizations acting jointly in connection with a small scale local energy project.

(12) "Oregon business" means a sole proprietorship, partnership, company, cooperative, corporation or other form of business entity that is organized or authorized to do business under Oregon law for profit.

(13) "Recycling project" means a facility or equipment that converts waste into a new and usable product.

(14) "Small business" means:

(a) An Oregon business that is:

(A) A retail or service business employing 50 or fewer persons at the time the loan is made; or

(B) An industrial or manufacturing business employing 200 or fewer persons at the time the loan is made; or

(b) An Oregon subsidiary of a sole proprietorship, partnership, company, cooperative, corporation or other form of business entity for which the total number of employees for both the subsidiary and the parent sole proprietorship, partnership, company, cooperative, corporation or other form of business entity at the time the loan is made is:

(A) Fifty or fewer persons if the subsidiary is a retail or service business; and

(B) Two hundred or fewer if the subsidiary is an industrial or manufacturing business.

(15) "Sinking fund" means the Small Scale Local Energy Project Administration and Bond Sinking Fund created in ORS 470.300.

(16) "Small scale local energy project" means:

(a) A system, mechanism or series of mechanisms located primarily in Oregon that directly or indirectly uses or enables the use of, by the applicant or another person, renewable resources including, but not limited to, solar, wind, geothermal, biomass, waste heat or water resources to produce energy, including heat, electricity and substitute fuels, to meet a local community or regional energy need in this state;

(b) A system, mechanism or series of mechanisms located primarily in Oregon or providing substantial benefits to Oregon that directly or indirectly conserves energy or enables the conservation of energy by the applicant or another person, including energy used in transportation;

(c) A recycling project;

(d) An alternative fuel project;

(e) An improvement that increases the production or efficiency, or extends the operating life, of a system, mechanism, series of mechanisms or project otherwise described in this subsection, including but not limited to restarting a dormant project;

(f) A system, mechanism or series of mechanisms installed in a facility or portions of a facility that directly or indirectly reduces the amount of energy needed for the construction and operation of the facility and that meets the sustainable building practices standard established by the State Department of Energy by rule; or

(g) A project described in paragraphs (a) to (f) of this subsection, whether or not the existing project was originally financed under this chapter, together with any refinancing necessary to remove prior liens or encumbrances against the existing project.

(h) A project described in paragraphs (a) to (g) of this subsection that conserves energy or produces energy by generation or by processing or collection of a renewable resource.

SECTION 2. ORS 470.070 is amended to read:

470.070. (1) The Director of the State Department of Energy shall appoint a Small Scale Local Energy Project Advisory Committee to review applications made under ORS 470.060 and rules adopted under ORS 470.080, and make recommendations thereon to the director.

(2) Seven members shall be appointed to the Small Scale Local Energy Project Advisory Committee. Each member shall be appointed to serve a [two-year] **four-year** term, commencing on the date of appointment, and until a successor is appointed and qualified. The members shall represent the interest of the citizens of this state and shall be knowledgeable in the areas of small scale energy technology, natural resource development, environmental protection, finance, agriculture, local government operations and utility operations. At least three members shall reside outside the Willamette Valley.

(3) The committee shall elect its own presiding officer, adopt rules for its procedure and meet on call of the presiding officer or a majority of the members. A majority of the members shall constitute a quorum to do business. The director shall provide administrative facilities and services for the committee.

(4) Members of the Small Scale Local Energy Project Advisory Committee shall be entitled to expenses as provided by ORS 292.495.

SECTION 3. (1) The amendments to ORS 470.050 by section 1 of this 2009 Act apply to applications to obtain loan funds for small scale local energy projects first filed with the State Department of Energy on or after the effective date of this 2009 Act.

(2) The amendments to ORS 470.070 by section 2 of this 2009 Act apply to terms begun on or after the effective date of this 2009 Act.

Passed by House April 1, 2009

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Chief Clerk of House
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Speaker of House

Passed by Senate June 23, 2009

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President of Senate

Received by Governor:

.....M.,....., 2009

Approved:

.....M.,....., 2009

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Governor

Filed in Office of Secretary of State:

.....M.,....., 2009

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Secretary of State