

**STATEMENT OF KEVIN A. LYNCH, IBERDROLA RENEWABLES, INC.**

**HOUSE COMMITTEE ON REVENUE**

**HOUSE BILL 3606**

**APRIL 20, 2011**

To the Chairs and Members of the Committee:

Thank you for the opportunity to testify. My name is Kevin Lynch. I lead the public policy and regulation group for Iberdrola Renewables, an Oregon-based company that is a developer and operator of wind, solar, biomass, and gas generation facilities in Oregon and across the United States. With certain amendments, Iberdrola Renewables would support House Bill 3606. The bill could rectify some unintended consequences created by the combination of statutory and rule changes to the BETC program.

We hope the Legislature and the Governor will cure some unintended consequences of prior amendments and ODOE administrative actions that have resulted in multi-year delays (if ever) in the ability to use the BETC credits. Let me cite our own experiences with one facility as an example.

The summary story is this: For a project in which the company initiated the BETC certification process in 2007, and began operating in January 2009, we have been told that a pass-through partner may not be able to use the credit before 2012 and must pay us the entire pass-through amount this year.

That means at least a three-year delay in the ability to use the credit between completion of the project and the application of the first year of the credit value by the pass-through partner – in the unlikely event the partner is willing to pay its upfront obligation this year for a credit it may not start to use until next year.

House Bill 3606 addresses this very situation, but only for a limited set of BETC-eligible projects. The effective date in Section 4 would not include the project I just described because, ironically, the application for final certification was submitted prior to January 1, 2010. Applications filed *after* that date are the only ones that would benefit from the clarifications found elsewhere in HB 3606.

The changes to current law that we urge support for are very limited in scope:

\*First, to clarify that the “total” costs of a facility rather than “final eligible project costs” are the basis from which things like payments from the US Treasury in lieu of federal production or investment tax credits is deducted. That change is contained in Section 2 of HB 3606 – page 2, line 25.

\*Second, to clarify that the date of a “completed application for final certification” is the date an application is received by ODOE and that the application is complete even if it does not identify a pass-through partner. With one technical amendment to apply to both small and large projects, that change is the crux of the amendments in Section 3 of HB 3606 – page 4, lines 2 through 4.

\*Third, to specify that the first year in which a pass-through partner may use a BETC is the later of: 1) the tax year following the year ODOE receives a filing for final certification; or, 2) 2011. This change would require some revisions in Section 3 of the bill – amending ORS 469.220(2).

\*Fourth, these changes should apply to *all* projects, not just those for which applications for final certification were filed on or after January 1, 2010. This would require some changes to Section 4 of HB 3606.

We also wish to propose several technical and clerical changes to HB 3606 which I would be happy to submit to you and staff.

That completes my testimony. Thank you again for the opportunity to appear before you.