

Oregon Legislature  
Joint Committee on Tax Credits

SB 688 Public Comments  
May 5, 2011

MEASURE: SB 688  
EXHIBIT: G  
Joint Committee on Tax Credits 76<sup>th</sup> Session  
DATE: 05-05-2011 PAGES: 3  
SUBMITTED BY: Glenn Montgomery

Dear Co-Chairs Burdick, Berger, and Bailey:

Oregon Solar Energy Industries Association (OSEIA) is a non-profit trade group established in 1981 that represents a diverse constituency from the sole proprietor who installs residential solar energy systems to manufacturers that ship product around the globe, such as SolarWorld in Hillsboro, PV Powered in Bend, and Sanyo Solar in Salem.

OSEIA supports SB 688 because the Residential Energy Tax Credit (RETC) program has been tremendously successful in achieving its objectives. It provides an incentive for homeowners to decrease their carbon footprint while stimulating Oregon's clean energy economy. Moreover, the proposed amendments to eliminate such things as high-efficiency appliances, furnaces, boilers, and air conditioners, reflect prudent adjustments to the program as the premium price associated with these items has been all but eliminated. Comparatively, the cost of alternative energy devices, such as residential solar photovoltaic (PV) systems, though on the decline, continues to remain out of reach for the average resident without the help of the RETC incentive.

In addition to displacing traditional fossil-fuel based energy with clean renewables, installing an alternative energy device requires a local workforce to install and maintain it, and while the construction industry has been suffering terribly during this economic recession, the solar industry has been expanding and providing family-wage jobs for tradespeople who are licensed to install solar energy systems.

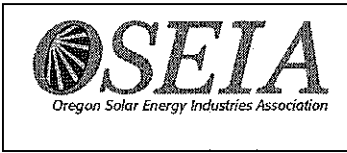
Without the RETC program, most homeowners could not afford to invest in a solar energy system. In fact, the RETC is often the only incentive available to rural Oregonians because public utilities are not required to provide renewable energy incentives.

Though the bill is the result of an engaged stakeholder process and thoughtful consideration on the part of the authors, there are a couple of amendments I'd like to propose to the committee:

1) Increase the maximum incentive for a solar thermal system from \$1,500 to \$2,000.

A solar thermal system is currently considered an energy efficiency device, and it can actually achieve greater energy savings than a comparable PV system; however, installations of solar thermal systems have actually declined in the past two years, in large part because the material costs have increased, while the incentive has remained unchanged. A \$500 increase to the maximum incentive will help spur on installations of solar thermal systems and greater energy savings for Oregonians.

2) Consider amending the language in ORS 469.176 (see below) to allow the Oregon Department of Revenue greater flexibility in responding to market conditions and establishing performance



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assumptions and prescriptive measures for tax credits by administrative rule. By taking these assumptions and measures out of statute, the state can more effectively and efficiently administer its tax credit policy as technologies change and prices fluctuate over time.

If we wish to move away from fossil fuels and toward locally produced, renewable sources of energy that create jobs for Oregonians, we need smart public policy and continued public investment in order to achieve these goals.

I urge you to pass SB 688 with the amendments I've suggested.

Respectfully submitted,

A handwritten signature in cursive script, reading "Glenn Montgomery", is positioned below the text "Respectfully submitted,". The signature is written in black ink on a light-colored background.

Glenn Montgomery, OSEIA Executive Director



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Suggested Amended Language to ORS 469.176

Note: Text highlighted in red constitutes new language. Text stricken through constitutes deleted language.

**469.176 Performance assumptions and prescriptive measures for tax credits.** (1) Except for alternative fuel vehicles or related equipment, in order to carry out ORS 469.160 to 469.180, the State Department of Energy shall develop performance assumptions and prescriptive measures to determine the eligibility and tax credit amount for alternative energy devices constructed or installed in a dwelling.

(2) The department shall ~~use the performance assumptions and prescriptive measures to develop~~ information for the Department of Revenue to use to allow taxpayers to determine their eligibility and tax credit amount. The State Department of Energy may review this information on an annual basis to take into consideration new technology and performance assumption accuracy.

(3) For an alternative energy device, the first year energy yield shall be determined according to the procedure established by the department. ~~For the purpose of determining the first year energy yield of an alternative energy device, the department shall use the following assumptions and test standards:~~

(a) ~~Solar Rating and Certification Corporation standard SRCC 100, 200, American Society of Heating, Refrigerating and Air-Conditioning Engineers 93-77, or the American Refrigeration Institute standard 325-85 test at 50 degrees entering water temperature, as appropriate. The testing requirements under this paragraph shall not apply to an owner-built alternative energy device.~~

(b) ~~For an alternative energy device used as a source for domestic water heating energy, a hot water use of 75 gallons per day at 120 degrees Fahrenheit. The load of 75 gallons per day at 120 degrees Fahrenheit shall be achieved by including conservation measures in the construction or installation of the alternative energy device.~~

(c) ~~For an alternative energy device used as a source for space heating or cooling, the heating or cooling energy load as determined by a heat loss or gain calculation performed in accordance with the methods established by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Except for an owner-built or site-built system, an alternative energy device used as a source for domestic hot water heating must meet the SRCC OG 300 systems test or comply with comparable requirements as determined by the department.~~

(d) ~~For an alternative energy device used as a source for electrical energy, the first year energy yield shall be based upon the electrical energy load of the dwelling as determined according to the procedure established by the department.~~

(e) ~~For an alternative energy device used as a source for swimming pool, spa or hot tub heating, the first year energy yield shall be based on the heating load of the swimming pool, spa or hot tub as determined according to the procedure established by the department. [1989 c.880 §5 (enacted in lieu of 469.175); 1997 c.534 §7; 2005 c.832 §10; 2007 c.843 §33]~~