



Real Energy Solutions

Testimony BETC

Thursday May 26, 2011

Good Morning and thank you Co-chairs Berger and Bailey and the committee for the opportunity to be here

My name is Sandra Walden, owner of Real Energy Solutions a small development and consulting company working in Oregon for the past five years. Real Energy Solutions previously known as Commercial Solar Ventures developed an Oregon centric financial model that allowed for the Portland Habilitation Center, the City of Portland Water Bureau, the Parks Department and the EcoTrust building in Portland among others to install and eventually own solar facilities utilizing an investor model taking advantage of the Federal Tax Credits, the ETO funds and the BETC. For non-profits and government entities these required convoluted legal/tax structures are the only hope to have systems installed and the BETC along with the other incentives are the only way to make projects happen in Oregon. In contract to comments I've heard made about solar funded project , specifically that with all the incentives these projects made someone a fortune and more than 100% of the costs are paid by incentives I can personally attest that was and is not the case. Please remember that not all true costs to a project are considered in the Maximum Eligible Costs for BETC and each project has its own complications that might include technical challenges and legal fees. The transaction costs incurred by projects to address the tax code, legal structuring requirements and risk mitigation coupled with the low power rates in this state assure that the projects completed by Real Energy Solutions were a labor of love and squeezed everyone's expectations of return, even the investors. With the cap imposed in the last legislative session and the uncertainty that surrounded allocations of the BETC as well as the re-evaluation of pre-certed projects most all capitol sources abandoned Oregon to places with more legislative certainty. My past employees are now on contracts, two-thirds have left the state and I've moved to smaller offices with the hope we can continue to do business in Oregon.

Given the budget limitations and everyone's desire to see basic services remain intact, it is understandable that renewable energy would see a reduction in public support for the next biennium, as with most other industry sectors. There are good and worthy causes that will not be adequately funded. However, I encourage you to think carefully about the severe reduction of the BETC and RETC for renewable energy generation.

JOBS - As stated in previous testimony, and as I am sure the committee is aware, there will be jobs lost; potentially hundreds across the state, and in some cases entire businesses will fold, or if they can, move their operations to other states that provide better support. Sadly, these job losses will reverse the trend of job growth in the solar industry, and bring to a sudden halt the expansion plans that currently exist. I know of one company, for example, that will lay off six employees and scuttle plans to hire 56 more for contracted work that is dependent upon State support thru the BETC. Without this support, their projects will not move forward and 56 people will not be hired.

EDUCATION/JOBS - Education is extremely vital and worthy of public support, such as OIT's renewable energy program, the first 4-year renewable energy degree in the nation. Unfortunately, graduates of this program won't be able to find jobs in Oregon, and they'll be forced to either look outside the state, or allow their education to idle. Solar projects provide living wage jobs, and the BETC is still needed to support these and other renewables in order to grow Oregon's green economy. That said, regardless of the funding level, I urge the committee to ensure good policy is in place for when times are better.

KEEP THE CURRENT PROGRAMS AND MAKE THEM BETTER - The system for administering tax credits has changed significantly in the last 2 years. A more streamlined, efficient, and transparent system would save the state money, and greater consistency is desperately needed to retain and attract new private investment in Oregon. Clear goals for the program are also necessary. Since its inception, the BETC has been re-purposed, and this has created a tremendous amount of confusion for everyone involved. Is the state's goal to fund projects that would not otherwise be economically viable, or to get the most power generation for the least dollars spent, or to help boost the economy with living wage jobs, or to develop a variety of clean tech industries, or some combination of these? Does climate change influence the decision, or energy security? If so, how?

If we consider restricting the program, as Director Repine suggested in his testimony last Tuesday, it's essential to look at the range of technologies and determine how best to spend the limited funds we have available. All technologies are not created equal. In order to have a variety of energy resource generation to meet the RPS and to support the clusters that are already established, we need certainty of funding, i.e. clear criteria for qualification, guaranteed funds based on meeting the criteria, and consistent rules for administering the funds over time. In addition, criteria should be established for EACH technology to avoid picking winners and losers. Choosing projects that are considered "least cost," for example, prevents us from developing a diverse, robust, and resilient portfolio of technologies, some of which require a greater level of support than others. State and federal incentives are the necessary foundation upon which innovative technologies are established and thrive. Even the most mature energy technologies – including fossil fuels – continue to receive public support, as pointed out on Tuesday in Alan Hickenbottom's testimony. Finally, a clear path and "exit ramp" should exist for technologies that no longer require state support. The federal government is committed to supporting solar, at least until 2016. Every year that Oregon does not lend support to solar is a year lost for leveraging these scarce federal dollars that represent 30% of eligible costs.

WE CANNOT MEET OUR FUTURE ENERGY NEEDS THROUGH CONSERVATION ALONE. Solar is the sister to energy conservation from distributed generation on residential and commercial rooftops to utility-

scale systems that reduce our dependency on fossil fuel generation plants. Buildings that pair solar with conservation are capable of achieving net-zero energy usage. This is a worthy goal. System owners benefit by offsetting their power consumption for 30-50 years, and utilities benefit from reduced demand. We have the ability to install enough solar to defer upgrades and/or new distribution and generation facilities. The longer these major capital expenditures are deferred, the longer we keep power prices low for ALL ratepayers.

In summary, there is no question that deep cuts need to be made in tax credits this session, along with cuts to other worthy programs. Given this reality, the question then is how do we restructure and improve the mechanisms that are already in place to take advantage of future funding sources, so that Oregon can continue to grow its clean tech economy and maintain its reputation as a forward-thinking leader in renewable energy. Are we willing to commit ourselves to renewable energy as an economic driver for the state, or will we turn back the clock and reverse the gains we've realized in both talent and jobs that, in large part, are the result of both smart policies and strong public investment?