



**Climate Solutions**  
PRACTICAL SOLUTIONS TO GLOBAL WARMING

June 2, 2017

Representative Phil Barnhart, Senator Mark Hass, Co-Chairs  
Joint Committee on Tax Credits  
Oregon State Capitol  
Salem, OR 97301

**Re: House Bill 2681-A - Support**

Co-Chair Barnhart, Co-Chair Hass, and Members of the Committee,

We write in support of House Bill 2681-A to extend the Residential Energy Tax Credit (RETC) program in Oregon. The RETC is a key tool to ensure energy efficiency and renewable energy opportunities in our homes are affordable, while protecting local jobs and health.

**Value of financial incentives to transition to a clean energy economy.**

The national record is clear on the important role financial incentive programs play in accelerating clean energy technologies and solutions.<sup>1</sup> Prudently designed and capably administered incentive programs can deliver real savings for households and businesses while improving energy efficiency and reducing their carbon footprint. They are especially important for small businesses and low- and medium-income households who might otherwise struggle to afford the upfront costs of efficiency improvements.

Financial incentives are critical components of the clean energy transition underway in our state. Though we need to insure that our investments in specific instruments deliver efficient progress toward our state greenhouse gas goals, we should not lose sight of the importance of financial incentives, or constrain our capacity to reach our state goals by removing a whole category of important tools from the toolbox.

RETC provides real benefits to residents across the state as well as the hundreds of renewable energy and energy efficiency companies that employ thousands of Oregonians. We can succeed economically by innovating, commercializing and marketing renewable energy strategies that reduce fossil fuel dependence, promote clean energy development and jobs, and deliver real climate solutions.

**Sweeping negative consequences of allowing RETC to sunset**

Since introduction of the RETC in 1978, these tax credits have saved Oregonians in every county

---

<sup>1</sup> U.S. Energy Department's National Renewable Energy Laboratory (NREL), "NREL analysis finds tax credit extensions can impact renewable energy deployment and electric sector CO2 emissions," February 22, 2016:  
<http://www.nrel.gov/news/press/2016/22645>

over \$172 million on home solar and energy efficient products such as heat pumps and furnaces.<sup>2</sup> Residential solar is a huge job producer in our state, undergoing a 50% increase in Oregon last year, from 2,999 to 4,509 jobs.<sup>3</sup> The RETC can help maintain that momentum for our solar industry.

The RETC also currently leverages existing utility sector incentives that provide Oregonians with energy bill savings. Many energy efficiency measures that the Energy Trust of Oregon (ETO) offers incentives for could be reduced or discontinued if RETC sunsets in 2017. ETO can only offer incentives on measures that the Public Utility Commission deems as "cost-effective." Without the RETC, the following energy-efficient products (called "efficiency measures") may not be deemed "cost-effective" by PUC, meaning ETO would have to stop offering incentives for them too:

- Ductless Heat Pumps<sup>4</sup>
- Air-sourced Ducted Heat Pumps<sup>5</sup>
- Storage Gas Water Heaters<sup>6</sup>
- Gas Furnaces (offered only to specific customer types)<sup>7</sup>

To offer one example of what is at stake, ductless heat pumps provide energy efficient heating and cooling without ductwork. They are frequently installed to replace wood stoves, electric furnaces and other electric plug-in space heaters, such as those using propane or kerosene. In addition to the energy efficiency benefits, there are air quality implications of homeowners no longer being able to afford to upgrade to ductless heat pumps.

**We urge you to vote to extend the Residential Energy Tax Credit by passing HB 2681-A.**

Thank you for your consideration of these comments.

Sincerely,



Meredith Connolly  
Oregon Policy Manager

---

<sup>2</sup> Oregon Legislature, Tax Credit Review: 2017 Session, Research Report #2-17, February 8, 2017

<sup>3</sup> Solar Foundation, Solar Jobs Census 2016: <http://solarstates.org/#state/oregon/counties/solar-jobs/2016>

<sup>4</sup> <http://www.oregon.gov/energy/At-Home/Pages/Ductless-Heat-Pumps.aspx>

<sup>5</sup> <http://www.oregon.gov/energy/At-Home/Pages/Ducted-Heat-Pumps.aspx>

<sup>6</sup> <http://www.oregon.gov/energy/At-Home/Pages/Water-Heaters.aspx>

<sup>7</sup> <http://www.oregon.gov/energy/At-Home/Pages/Furnaces.aspx>

[ClimateSolutions.org](http://ClimateSolutions.org)

**Seattle**

1402 Third Avenue, Ste 1305  
Seattle, WA 98101  
tel 206.443.9570  
fax 206.624.2022

**Olympia**

219 Legion Way SW, Ste 201  
Olympia, WA 98501  
tel 360.352.1763  
fax 360.943.4977

**Portland**

222 NW Davis St, Ste 300  
Portland, OR 97209  
tel 503.332.9893