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Oregon

Utility-scale renewable projects in Oregon hit hard by BETC overhaul

by Angela Beniwal, North American Windpower, nawindpower.com 28 June 2011

Legislators in Oregon voted to drastically revamp the state's Business Energy Tax Credit (BETC), a program that has helped spur the state's thriving renewable energy industry. H.B.3672, which passed by a large majority in both the Oregon House and Senate, limits the amount of money that renewable energy projects can receive.

Currently, projects can receive tax credits worth up to 50%. The new legislation scraps this element of the program and instead provides grants. The budget for the entire program is limited to \$3 million, which does not make much of a dent when dealing with large projects that can cost millions of dollars.

Project size has also been curbed, but this could be a boon for small developers. Under the new legislation, projects are capped at 35 MW and cannot receive more than \$250,000 each. In addition, if an applicant receives other government grants, the amount that the State of Oregon would provide is also reduced.

"The yield that the program has brought over the years – Oregon has become a leader in the clean energy economy, and also our rural communities are really benefiting from not just the projects but the tax revenues that [projects have] brought into the states – that's going to decrease significantly," says Erin Greeson, spokesperson for the Renewable Northwest Project, a nonprofit regional advocacy group.

The bill passed by a vote of 57 to 2 in the Oregon House on June 22. The Senate followed suit with a vote of 26 to 1 on June 24. The bill now awaits the signature of Gov. John Kitzhaber, D-Ore., who is expected to sign the bill.

This is not the first time that BETC has been changed. In March 2010, then-Gov. Ted Kulongoski signed legislation that reduced the amount of funds available to wind developers.

At that time, the maximum tax credit for wind projects was slashed from \$10 million to \$3.5 million for 2010, \$2.5 million for this year and \$1.5 million in 2012. The credit would have eventually expired after 2012.

Although the new changes are a setback for large-scale renewable energy development in Oregon, the Renewable Northwest Project praised legislators for not scrapping BETC entirely due to the state's budget crisis.

“While the BETC program has profoundly changed, the decision to retain aspects preserves a framework for future program recovery as the economy gradually improves,” John J. Audley, deputy director of the Renewable Northwest Project, said in a statement. “While a \$10 million budget for tax incentives is understandable during the economic downturn, it will yield a small fraction of the economic development achieved through past programming.”

The group plans to urge the removal of the 35 MW project cap size and hopes that funds for the program will increase as the economy improves. “We’re pleased that there is some framework retained,” says Greeson. “We just hope that, in the future, more funds are put back into the program.”

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