



February 25, 2008

Solar Trade Allies and Other Interested Parties,

As many of you heard at the OSEIA meeting on February 11, 2008, the Energy Trust is clarifying some rules and adding an opportunity for negotiated custom incentives for larger nonprofit/government solar electric projects in Portland General Electric territory.

These changes are in response to government interest and request for proposals (RFPs) for aggregation of multiple systems and/or single system solar electric installations that significantly exceed our standard incentive cap of 100 kW.

This custom incentive offer is limited as described below and is intended to allow us to support a small number of larger nonprofit/government projects this year ahead of the resolution of the federal tax credit.

Clarification of the standard nonprofit/government solar electric incentive offer

- **Aggregation of System Capacity** The capacity of multiple systems installed for one nonprofit/government entity will be aggregated as one project, in order to allocate our limited incentive budget to a broad number of system locations, and to avoid encouraging the artificial splitting of projects to optimize the incentive rate. The aggregated capacity of the project will be used to determine the incentive rate under the sliding nonprofit/government incentive rate schedule. Examples of a nonprofit/government entity are a city, a county, a university, or a community college as a whole, a state agency, or other organization with sufficient independence to make a decision about a solar electric installation or multiple installations on their buildings or land. The Energy Trust will determine on a case by case basis what entity the aggregated system capacity applies to if not clear from the list above.
- **Standard Incentive Offer** A nonprofit/government entity installing multiple systems is eligible to apply for the standard nonprofit/government rate for the aggregated system capacity, up to 100 kW total capacity.
- **Green Tags** Energy Trust will own green tags for years 3 to 20, even for nonprofit/government projects. System owner will own the tags for the first 2 years.

New custom solar electric incentive offer for nonprofit/government projects

- **Overview** A nonprofit/government project in PGE service territory with aggregated system capacity for 1 or more systems larger than 180 kW may apply for a custom incentive, which will be negotiated based on above market costs for the entire project capacity, and will be subject to the following limitations.
- **Intent of Custom Incentive** The custom incentive is intended to support a small number of larger projects to help Energy Trust understand the above market costs for larger projects, and to lower our program costs per Watt of capacity.
- **PGE Only** The custom incentive is available only for projects in PGE service territory. Projects in Pacific Power territory will be limited to the standard incentive.

- **Above Market Costs, and Maximum \$1.25/Watt** The custom incentive rate for a project will be limited to above market costs up to a maximum incentive rate of \$1.25/Watt for the entire project capacity.
- **Greater than 180 kW** The custom incentive offer is available only for projects with total capacity greater than 180 kW. Below 180 kW project capacity, the standard incentive offer is available up to the maximum standard incentive of \$225,000 in PGE service territory for the first 100 kW of project capacity. Projects larger than 180 kW may apply for either a custom incentive, or may instead apply for the maximum nonprofit/government incentive of \$225,000, but not both.
- **Not Cumulative with Standard Incentive** The negotiated custom incentive is for the entire project capacity. Projects that seek the custom incentive are not eligible for the standard incentive, even for the first 100 kW of project capacity.
- **Maximum \$500,000** The total incentive available to projects installed at the property of an entity acting as a host and/or participant is limited to no more than \$500,000 per entity for projects completed in 2008.
- **2008 Completion** The offer is available for projects to be completed in 2008. If a project is approved for incentive reservation and is not completed in 2008, the incentive reservation may be canceled or be held over to 2009, subject to Energy Trust decision and availability of funds.
- **Progress Check** Energy Trust will require a demonstration of progress towards 2008 completion four months after application approval, and may determine that a reservation be canceled and 2008 funds be released for other projects. The application may be resubmitted for 2009 subject to availability of funds.
- **Program Limited to \$1,500,000** The custom incentive offer will be open for new applications until Energy Trust has received credible applications that total \$1,500,000. The Energy Trust may choose to allow new applications if some applications do not proceed to project completion or as 2008 incentive budget allows.

Custom Incentive Application Process

- **Contact Program** Contact Brian Thornton, the Commercial Solar Program Manager, after March 3, if you would like to apply for the custom incentive (503-445-7640, brian.thornton@comcast.net). Energy Trust will provide application materials and information on the process if the project appears to meet the terms of the offer.

Active Project Limit For all solar electric incentive approved applications, the limit of 12 active projects per trade ally remains in effect. In addition, no entity acting as a third party System Owner may have more than 12 active projects with incentive reservations. If 12 active projects are accumulated, the Energy Trust will not reserve additional incentives until a project or projects are completed. A custom incentive contract with a nonprofit/government entity for aggregated installations is considered 1 project under this limit of 12 active projects.

12 Month Reservation Period For all solar electric incentive approved applications, the Energy Trust may request a demonstration that projects are making reasonable progress as soon as four months after the reservation start date, and reserves the right to cancel reservations that appear unlikely to be completed in the 12 month time frame.

The Energy Trust may further adjust the solar electric incentive program due to volatility of the market, changes in other incentives, and a finite budget.

Thank you for your ongoing and growing interest in our solar electric incentive program. Please contact Brian Thornton, our Commercial Solar Program Manager, at 503-445-7640, brian.thornton@comcast.net with questions.