



March 17, 2008

## **INCENTIVE CHANGES**

Dear solar electric trade allies and interested parties,

In response to an increasingly dynamic market, Energy Trust is making two immediate changes to the solar electric program:

1. The incentives for nonprofit/governments are now the same as the rates for the commercial sector. This applies to all new approvals and reservations. All other program requirements for the nonprofit/government sector will remain the same.
2. For PGE we are now restricting incentives for multiple installations with the same commercial customer. We will allow aggregating sites, but at a lower incentive rate and with a new cap. As before, budget constraints do not allow the aggregation option for customers of Pacific Power.

Our objective is to spread available solar incentive dollars among as many projects as possible, in all areas of Energy Trust's service territory and for a range of trade allies. Further, we want to encourage the economies of larger systems while also ensuring that a few, large customers do not reserve all of the incentives for the year. Our intent is to meet the industry's request that we manage incentives and program requirements for the long-term.

There are a number of factors driving this dynamic situation. The most pressing is the December 31 expiration of the federal investment tax credit for renewable energy projects. The uncertainty over its extension has created some unusual activity. Oregon's continued commitment to renewable resources, evidenced by the recent increase to 50 percent of the Business Energy Tax Credit, is also contributing to growth in demand. The availability of third-party financing options for government or nonprofit entities is encouraging more and larger solar installations as well. We expect the market to calm over the next year.

Here are some additional details on the changes listed above:

- Government/nonprofit project applications received and approved by Energy Trust by March 13, 2008, can proceed as planned with the incentives that were in place at that time. Projects that have not reserved funds and those still on the drawing board will apply at the new rates. The new rates for this sector are the same as those for the commercial sector. These are:

<u>Utility</u>	<u>Size (kW)</u>	<u>Incentive/watt</u>
Pacific Power	1-30	\$1.25
	31-100	\$1.25 – 1.00 sliding scale
PGE	1-30	\$1.50
	31-100	\$1.50 – 1.25 sliding scale

- The restricted multi-site commercial incentive will be available only in the PGE territory. It will provide incentives for aggregated projects comprised of multiple sites associated with the same entity. The multi-site incentive will be a lower per-watt incentive for the entire project capacity. There will be maximum caps per entity. Requirements, conditions, and the exact per-watt amount of the new multi-site incentive will be distributed later this week.
- Energy Trust will make weekly announcements on the status of the solar incentive budget and the amount that has been reserved.

Additional adjustments to Energy Trust’s solar electric incentive schedules may be necessary in coming weeks and months in response to changing demand. We are committed to open communication about these changes.

If you have any questions on these program changes, please contact me at 503-445-7640 or [brian.thornton@energytrust.org](mailto:brian.thornton@energytrust.org).

Sincerely,

Brian Thornton  
Commercial Solar Program Manager