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May 5, 2008

Dear solar trade allies and interested parties,

Energy Trust is pleased to announce that we are reopening a nonprofit/government solar electric incentive rate in both PGE and Pacific Power territories.

Background

In March when we announced that we were nearing the end of our budget allocation for nonprofit/government projects, we noted that we might reopen the nonprofit/government incentive, possibly at a lower rate—if funding became available as a result of cancelled projects. This has happened and funds are now available in both utility territories.

New standard nonprofit/government incentive rate

This new standard nonprofit/government incentive is structured the same as our standard commercial rate. The new rate is \$0.50/watt higher than the current commercial rate, and the incentive amount is capped at 100 kW aggregated system capacity per nonprofit/government entity. It is available in both PGE and Pacific Power territories. The table below outlines the new standard nonprofit/government incentive rates.

	Less than 30,000 watts	30,000 - 100,000 watts	100,000 watts	Maximum incentive (100,000 watts)
Pacific Power	\$1.75/watt	\$1.75 - \$1.50/watt	\$1.50/watt	\$150,000
PGE	\$2.00/watt	\$2.00 - \$1.75/watt	\$1.75/watt	\$175,000

This does not change the custom nonprofit/government incentive offering, which remains available for PGE customers installing aggregated solar capacity of at least 180 kW.

Reservation limits

To give us more flexibility to manage our program’s incentive budget and avoid having unspent funds at year-end, we are eliminating the strict budget set-asides that we recently established for nonprofit/government, commercial, custom and multi-site incentives. Instead, we will accept projects of any eligible type on a first come, first served basis, and will track reservations against our overall commercial incentive budget by utility. This will make it easier for us to utilize our full budget.

	Budget reservation limit	Reserved as of 5/2/08	Available as of 5/2/08
Pacific Power	\$1,700,000	\$810,000	\$890,000
PGE	\$6,000,000	\$3,500,000	\$2,500,000

As always, we reserve the right to adjust incentive levels if demand starts to exceed our budget in order to retain funding through the year for small commercial projects. Note that our budget for residential solar electric incentives is above and beyond these limits.

Process

You may begin offering the new nonprofit/government rate to your customers now. In the next two weeks our forms 220C and 220T will be updated with the new incentive rate. The nonprofit/government incentive calculator and the incentive fact sheet on our website are also being updated.

Some additional rules for this new incentive:

1. If you have a customer with project sites in both utility territories, you may apply for **both PGE and Pacific Power incentives for that customer**: a standard incentive for one project in Pacific Power territory and a standard, custom or multi-site incentive, as appropriate, for one or more projects in PGE territory.
2. Power Purchase Agreement (**PPA**) **rates offered by third party system owners may not be below market rate**, or Energy Trust's incentive may be lowered. This is in response to Energy Trust's legislative mandate to pay only "above market costs" for renewable energy projects. We will send out a separate communication clarifying this requirement and explaining how to calculate the market rate for energy.

Thank you all for your patience and understanding this year as we continue to make adjustments to our incentive program. As we experience unprecedented growth in Oregon's solar market, we are striving to fund as many of those new market opportunities as possible. We value your participation and support. Please contact Brian Thornton, 503-445-7640, or Kacia Brockman, 503-445-7623, with any questions.

Sincerely,



Brian Thornton
Commercial Solar Program Manager