



Monday, October 19, 2009

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To all interested parties:

**This letter announces a decrease to the Energy Trust solar electric incentives that will become effective November 9, 2009.**

This incentive change is necessary for two reasons. First, the pace at which we have been receiving new incentive applications has accelerated over the past six months and is no longer sustainable within our limited incentive budget. This increased activity has been driven largely by declining equipment costs and the elimination of the cap on the federal residential tax credit. Second, our commercial incentives have hit the maximum amount that we are allowed under statute to pay (the above market cost). We must lower the incentive in order to stay within our mandate.

By taking action now to manage our limited incentive budget, we will help ensure the continuing availability of funds for new projects. Lower incentive rates will stretch our fixed incentive budget and allow us to support continued market growth.

Therefore, **Energy Trust is reducing incentives for all solar electric projects. These changes are effective for complete applications submitted on or after November 9, 2009**, and will not be applied retroactively to earlier applications. The incentives for solar water heating will remain the same.

**Residential solar electric incentives effective November 9, 2009:**

System Owner	Utility	Incentive Rate by System Size	Max. incentive per site
Homeowner	Portland General Electric	\$1.75/watt	<b>\$20,000</b>
	Pacific Power	\$1.50/watt	<b>\$20,000</b>
Third Party	PGE	\$1.25/watt	<b>\$10,000</b>
	Pacific Power	\$1.00/watt	<b>\$5,000</b>

- Residential rates are decreased by \$0.50 per watt for both PGE and Pacific Power.
- A new incentive category for third-party owned residential systems has been created.
- Ownership of the Environmental Attributes (green tags, RECs) remains the same. The system owner owns the green tags generated in the first five years, and Energy Trust owns those generated in years six through 20.

**Commercial solar electric incentives effective November 9, 2009:**

These incentives replace the Standard and Multi-site offerings previously available for commercial solar electric projects.

System Owner	Utility	Incentive Rate by System Size			Max. incentive per host
		Up to 30 kW	30 kW-200 kW	Above 200 kW	
Business/ Third Party	PGE	\$1.25/watt	\$1.25-\$0.75/watt	\$0.75/watt	<b>\$600,000*</b>
	Pacific Power	\$1.00/watt	\$1.00-\$0.50/watt	n/a	<b>\$100,000</b>
Nonprofit/ Government	PGE	\$1.50/watt	\$1.50-\$1.00/watt	n/a	<b>\$200,000</b>
	Pacific Power	\$1.25/watt	\$1.25-\$0.75/watt	n/a	<b>\$150,000</b>


\* The maximum incentive for a single site is limited to \$500,000; the host customer is limited to \$600,000 total.

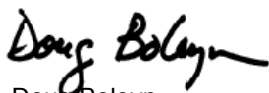
- The starting incentive rates are decreased by \$0.50 per watt for both PGE and Pacific Power.
- The incentive rate continues to be determined by the total aggregated capacity of one or more sites installed for a host customer.
- A host customer may receive no more than the maximum incentive in both PGE and Pacific Power territory per year.
- To be eligible for the nonprofit/government incentive rate, the *system owner* (no longer the host) must be a nonprofit or government entity.
- The incentive limit remains at 200 kW for all projects except business/third-party owned projects in PGE territory, which is reached at 800 kW.
- The 800 kW incentive limit for PGE business/third party may be applied to a single large installation or to multiple smaller installations. The "multi-site incentive" is no longer relevant.
- Ownership of the Environmental Attributes (green tags, RECs) remains the same. The system owner owns the green tags generated in the first five years, and Energy Trust owns those generated in years six through 20.


**Again, these changes are effective for complete applications submitted on or after November 9, 2009.** For a project to be eligible for the current incentive levels, we must receive a complete application on or before November 8, 2009.

The increased demand in the market is a real milestone for the solar industry, and we congratulate you on that success. We appreciate your understanding and cooperation with these incentive changes. Please contact us if you have any questions about these changes.

Sincerely,

  
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