From: Sen Burdick
To: LRO
Subject: FW: HB 3671 tax credits
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From: Bauer, Gary [mailto:Gary.Bauer@nwnatural.com]
Sent: Friday, June 10, 2011 2:30 PM
To: Rep Bailey; Rep Berger; Sen Burdick
Subject: HB 3671 tax credits

Rep. Bailey -
Thank you for taking on the task of determining which amendments are needed for HB 3671. As requested, here are the items we have identified.

Furnaces –
High efficiency Furnaces eligible for the tax credit in SB 688 are: **Furnaces with electrically commutated motors that have efficiency ratings of 95% or greater**. SB 688 actually took the approach of defining furnaces that were not eligible (standard efficiency furnaces and furnaces that had an efficiency rating of 94% or less)
SB 688 also allowed heat pumps to receive the tax credit. There are various efficiency levels in heat pumps as well and I am not sure if the tax credit was tied to HPs with a specific efficiency level or applied to all HPs and then the credit was calculated on the efficiency.

Landfill gas and Biogas –
Mike Dewey raised the issue of clarifying that Landfill gas is included. I agree that it shoud be clarified. While I think the definition of Biomass includes Biogas, it may be good to also clarify that Biogas is still eligible as a renewable energy production system. If you need a definition, the RPS statute includes "Landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters or municipal solid waste." While the RPS ties this to electric generation since the statute applies to electric utilities, these gases are considered renewable and can also be used in a gaseous state.

Other items for your consideration:
Combined Heat and Power –
HB 3671 drops CHP from the list. I heard that this was because there had not been any projects in the last couple of years. I believe the economy has had a negative impact on these projects. As you know, these projects capture the waste heat thus increasing the efficiency of the overall project. If you are inclined to

include these types of projects, you could limit it to X Megawatts per site (5 MW probably works for smaller projects, but wouldn't cover the projects at a large facility such as a paper mill) or cap the amount of MWs per year for the program.

Thank you,

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Sent from my iPad