



Biomass Producer or Collector Tax Credit
Rule Advisory Committee
Meeting Minutes

Oregon Department of Energy
625 Marion Street NE
Salem, Oregon 97301-3737
June 9th, 2010

Introductions, rule adoption process, meeting process, and timeline

- Notice of the meeting was made by press release to newspapers throughout the state and mailed/e-mailed to individuals on the rule advisory committee and interested parties mailing list.
- The Oregon Department of Energy (ODOE) provided an overview of the meeting agenda and the objectives for the meeting.

Agenda as follows:

- Introductions
- Approve meeting minutes from April 27, 2010
- Discuss proposed rule concepts.
- Determine next steps

Present: Matt Krumenauer, Steve Lawn, Mark Stanely, Linc Cannon, Michelle Slater, Rupesh Sansgiri, Jack LeRoy, Levi Chamberlin, Micheal Bull, Bernie Faber, Kathy Hadley, Rep. Sherri Sprenger, Harrison Pettit, Joe Misek, John Pine, John Williams, Don Hammond, Thomas Endicot, Shannon Stinnet, Brian Stinnet, Monica Jelden, Leah Wolfenbacker, Stephanie Page, John Redfield, Lance Wells, Kurt Christianson, Kathy Stuttaford, Robert Underwood, Lance Stapleton.

Review of Meeting Minutes

- The committee reviewed the draft meeting minutes.
- The committee unanimously approved the meeting minutes with minor edits.

Discussion on Draft Rule Concepts

- ODOE posted a draft of criteria on the department website prior to the meeting.
- ODOE explained that these draft concepts are presented for review and for the department to receive feedback or alternatives to the criteria that are presented at the meeting.
- ODOE determined after the last meeting that it would not propose a cap for this program.
- Committee members questioned how the department would ensure only one tax credit was awarded for each unit of biomass.
- Committee members suggested that the department could pre-qualify eligible biofuel producers similar to the way in which facilities are determined as qualified for the federal Biomass Crop Assistance Program.
- ODOE explained that the heat rate of a facility is a measure of how efficient the facility uses its energy. The department proposed to use this measure of efficiency as additional criteria.

- Committee members suggested that it was not the role or responsibility of the department to constrain the cost of the program.
- Committee members suggested that using a heat rate calculation as proposed would not be achievable for many biomass energy facilities.
- Committee members expressed frustration with the proposals to include additional criteria in the rules.
- Attendees suggested that the minimum efficiency criterion for digesters was too high and should be lowered to 20 or 25%.
- Committee members commented that these tax credits have been critical to developing biomass projects and efforts to contain the tax credits would be harmful to these businesses.
- Committee members suggested that the department should proceed with no constraints on the program and present that information to the legislature for their analysis during the 2011 session.
- ODOE clarified that the draft criterion for excluding material that also receives a federal payment was proposed to address only those activities that receive an incentive such as BCAP and not other payments such as stewardship contracts.
- Committee members and attendees provided input on why a transportation distance based criterion would not be appropriate.
- ODOE asked for information from the committee and attendees that would provide estimates of the amount of tax credits that may be earned in 2010 and information that would help the department understand the costs associated with the transfer of these tax credits.
- The committee members suggested that the department should set the minimum discount value at no greater than 70%, and it was unclear what would be the intent of setting a higher value.
- The committee suggested that the department should adopt the rules as proposed after the January public meeting.
- ODOE expressed appreciation and thanked the committee members for their continued commitment to providing feedback to the department.

Next Steps

- The department offered to accept written comments on proposed criteria for a period of one week, review comments received, publish temporary rules as soon as possible, and begin a permanent rulemaking process.

Meeting adjourned.

Respectfully submitted by:

Matt Krumenauer
Senior Policy Analyst
Oregon Department of Energy