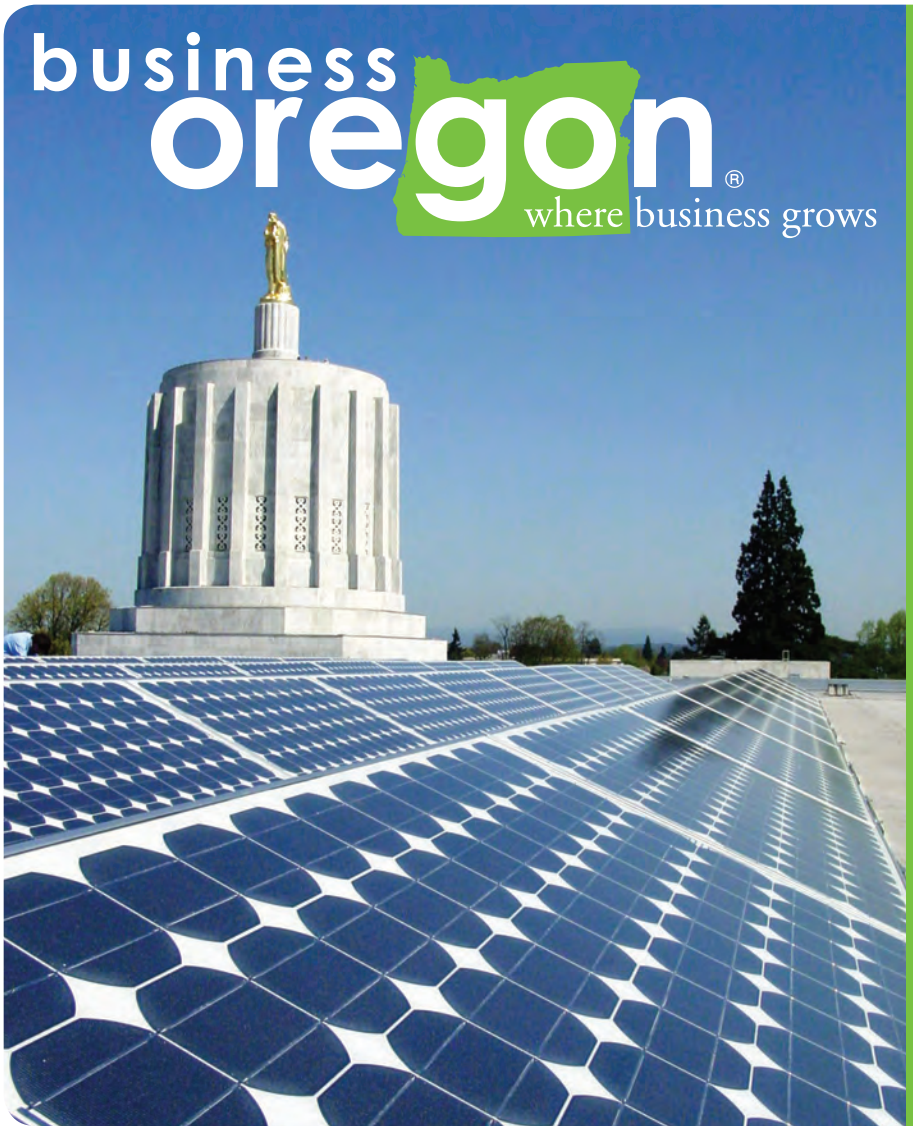
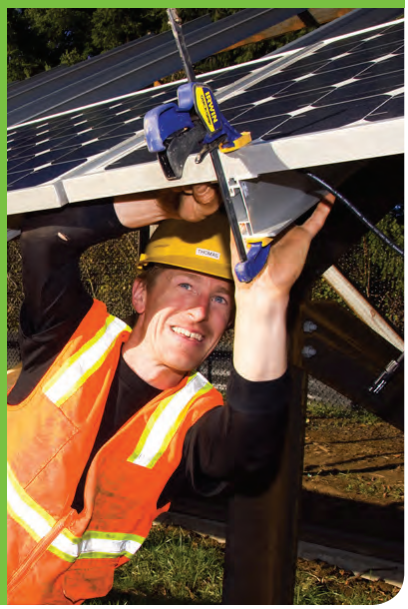




# oregon. . . makes solar sense

Oregon has enacted one of the first state-wide feed-in tariffs in the United States for solar photovoltaic systems.

Oregon's silicon/semiconductor experience provides a highly trained workforce and a network of suppliers and contractors that know industry needs.

Oregon offers strong financial incentives, low business taxes and local property tax incentives.

Oregon has the necessary infrastructure to accommodate semiconductor and solar manufacturing.

**www.oregon4biz.com**

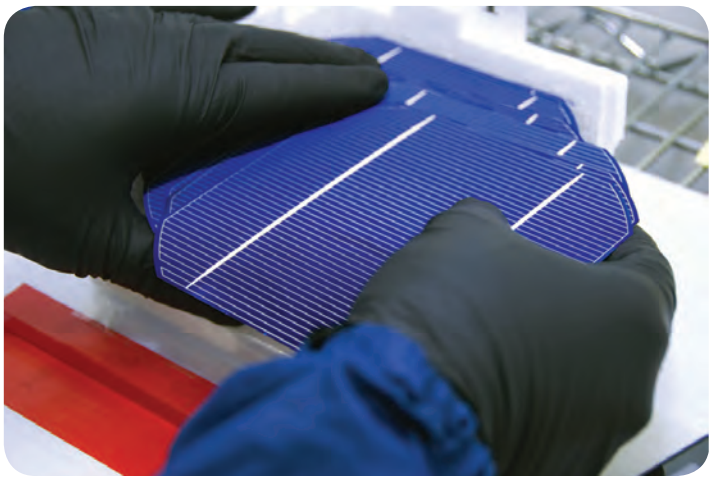
# COMMITTED TO RENEWABLE ENERGY

Oregon has set aggressive state greenhouse gas reduction targets, requiring that greenhouse gas emissions be reduced by 10% below 1990 levels by 2020 and 75% below 1990 levels by 2050. Oregon is a strong supporter of solar energy and other renewable energy sources to help meet these targets. Oregon has also enacted a Renewable Portfolio Standard (RPS) that requires electric utilities to provide at least 25% of their Oregon load with renewable energy by 2025.

Oregon provides generous financial incentives for manufacturers of solar and other renewable energy equipment and components. The State also provides incentives to consumers to use solar and other renewable energy in their homes, businesses, factories, schools, and public buildings.

These incentives for consumers create a market for manufacturers of solar and other renewable energy equipment and components.

Oregon enacted one of the first feed-in tariffs for solar energy in the United States in 2009. Details of the program can be found on the following page.



## INCENTIVES FOR MANUFACTURERS OF SOLAR AND OTHER RENEWABLE ENERGY EQUIPMENT

**Business Energy Tax Credit (BETC)** for 50% of the eligible cost of renewable energy projects. For manufacturing facilities, such as those producing solar photovoltaic components and other solar equipment, the maximum eligible cost is $40 million for each project. Eligible costs include land acquisition, building construction and acquisition, and production equipment.

The tax credit is taken equally over a five-year period. A tax credit can be carried forward up to eight years in the event of no tax liability.

The credit can also be monetized by transferring it to someone with Oregon tax liability, in exchange for a payment equal to the present value of the five-year credit. The net present value for the 50% tax credit is set periodically.

Subsequent expansion of the facility may qualify for an additional tax credit. The tax credit is administered by Business Oregon, information is available at the agency website; www.oregon4biz.com.

**State Energy Loan Program (SELP)** for renewable energy, including manufacturing facilities. Loans have been as short as ten years and as long as thirty years, depending upon the borrower's need and financial situation. These low-interest loans are financed through the issuance of state general obligation bonds by the Oregon Department of Energy.

The largest loans have been for about $20 million. The same project can receive a low-interest loan from the Energy Loan Program and a tax credit from the Business Energy Tax Credit. More information can be found at the Oregon Department of Energy's website; www.oregon.gov/energy.

**Strategic Investment Program (SIP)** exempts a portion of large capital investments from property taxes. This program is available statewide for any "traded-sector" business project, including manufacturing. It provides a partial exemption for 15 years and caps the taxable assessed value at $25 million in rural areas and $100 million in urban areas, increasing a maximum of 3% per year during the exemption period. A community service fee equal to 25% of each year's tax savings (capped annually at $500,000 in rural areas and $2,000,000 in urban locations) is paid each year to local public service providers.

# OREGON'S INCENTIVES ARE GROWING MARKET DEMAND

In 2009 Oregon enacted one of the first **Feed-in Tariffs** in the U.S. for photovoltaic systems. The law establishes a pilot feed-in tariff for each investor-owned utility, covering about three-fourths of the state's electric load. Qualifying systems may be up to half a megawatt in size, with the total cumulative capacity in the pilot stage of 25 megawatts.

By 2020, total capacity for solar photovoltaics of the utilities must be at least 20 megawatts, from systems at least half a megawatt, but no more than 5 megawatts, in size. The Public Utility Commission adminsters the program, their website is www.oregon.gov/puc.

Oregon's **Renewable Portfolio Standard (RPS)** is one of the most aggressive renewable energy policies in the nation. This standard requires that electric utilities must meet at least 25% of their Oregon load with renewable energy by the year 2025. Virtually all of Oregon's electric load growth must come from new renewable energy. RPS also provides a goal that at least one-third of these targets be met by resources smaller than 20 megawatts in size. Solar energy counts double towards meeting the RPS targets.

Oregon provides a **Residential Energy Tax Credit (RETC)** for individuals who install solar and other renewable energy in their homes for space heating, hot water heating and for electricity generation. The tax credit for space and hot water heating is a maximum of $1,500. For solar, wind and fuel cells, the maximum credit is $6,000.

More than 20,000 Oregonians have installed solar energy in their homes, worth more than $100 million. Most of these systems have been solar hot water systems. But solar photovoltaic is increasing rapidly. Oregon homeowners have installed over 1,600 photovoltaic systems, worth more than $30 million. Third party financing arrangements may also use the tax credit.

The **Energy Loan Program** also may be used to finance installation of solar and other renewable energy. Individuals, businesses, schools, local governments, universities and state agencies have all used the Energy Loan Program.

Oregon imposes a **Public Purpose Charge** on large electric utilities to finance investments in energy efficiency and renewable energy. The fund currently raises about $65 million a year. About $15 million of that fund must be used solely for renewable energy, including solar energy.

All of the funds for renewable energy must be used for projects 20 megawatts or less in size. The Energy Trust of Oregon provides grants to individuals and businesses to install solar and other renewable energy on their homes, offices, warehouses and factories. More information can be found on the Energy Trust of Oregon website at www.energytrust.org.

## SOLAR IN OREGON:

Oregon is one of the top U.S. producers of solar cells including being home to the largest manufacturer SolarWorld, others in the state include;

- *Sanyo Solar, MEMC/Solaicx and Advanced Energy/ PV Powered*

Oregon has a growing number of solar supply chain companies including;

- *SiC Processing, FT Solutions (Ferrotec), MEI LLC, Azuray, PV Trackers, Peak Sun and Oregon Crystal*

The University of Oregon and Oregon State University have cutting-edge research labs used to cultivate and develop new technology. The state has programs that allow private companies to use these facilities and resources to bring new technology to market.

Portland International Airport voted best for business travel
(2006, 2007, 2008, 2010, Condé Nast)

Oregon has the lowest effective business tax rate in the U.S.
(2010, Ernst & Young COST Study)

Oregon's industrial energy costs are about half that of California's rates
(2011, Energy Information Association)

Oregon ranked #1 Greenest State
(2008, Business Facilities)

Oregon has highest percentage of clean tech workers
(2009, Pew Charitable Trust)

Portland is #4 hottest spot for knowledge workers
(2007, CNN Money)

Oregon is the third largest renewable energy producer in the U.S.
(2008, U.S. Department of Energy)

Portland is America's greenest city
(2008, Popular Science)

business oregon®

Doing Business in Oregon:
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# Oregon's Competitive Advantage

## Smart workers and workforce resources

Oregon has educated and technically skilled workers. Oregon also has additional training opportunities available through WorkSource Oregon, our statewide network that connects businesses and workers with the resources they need to succeed.

## Innovative industries

Oregon is a national leader in industry research and development in semiconductors and is among the top states in patents per capita.

## Transportation advantages

Oregon provides gateway access to U.S. and global markets via a modern multi-modal transportation system.

## Low business taxes

Oregon has the second lowest effective business state and local tax rate in the country.

## Encouraging business success

Oregon offers incentives and financing tools to facilitate investment and create new jobs.

## Abundant and low-cost energy

Oregon has cash incentives and renewable power options with tailored energy management programs from reliable providers.

## Available industrial lands

Oregon has a certified industrial lands program with an inventory of project-ready industrial sites.

## Professional project assistance

Oregon offers professional development assistance from start to finish.