

**A-Engrossed**  
**House Bill 2893**

Ordered by the House April 11  
Including House Amendments dated April 11

Sponsored by COMMITTEE ON ENERGY AND ENVIRONMENT

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Requires Public Utility Commission to establish program under which electric company must agree to purchase from retail electricity consumer electricity generated by solar photovoltaic energy system that is permanently installed by retail electricity consumer. Repeals provision establishing similar, temporary program.]*

*[Becomes operative October 1, 2014.]*

**Increases allowed cumulative nameplate capacity of qualifying solar photovoltaic energy systems enrolled in certain pilot programs established by Public Utility Commission. Requires, on and after March 31, 2014, additional megawatts of alternating current to be generated by individual systems with nameplate generating capacity between five and 100 kilowatts.**

**Directs commission to study effectiveness of programs that provide incentives for use of solar photovoltaic energy systems. Requires commission to report results of study to interim committees of Legislative Assembly related to energy on or before July 1, 2014. Sunsets study on January 2, 2015.**

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to solar photovoltaic energy systems; creating new provisions; amending ORS 757.365; and  
3 declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 757.365 is amended to read:

6 757.365. (1) The Public Utility Commission shall establish a pilot program for each electric  
7 company to demonstrate the use and effectiveness of volumetric incentive rates and payments for  
8 electricity or for the nonenergy attributes of electricity, or both, from solar photovoltaic energy  
9 systems that are permanently installed in this state by retail electricity consumers and that first  
10 become operational after the program begins. The cumulative nameplate capacity of the qualifying  
11 systems enrolled in all of the pilot programs may not exceed [25] **27.5** megawatts of alternating  
12 current. Qualifying systems enrolled in the pilot program may not have nameplate generating ca-  
13 pacity greater than 500 kilowatts.

14 (2) The commission by rule shall adopt requirements for the pilot programs described in sub-  
15 section (1) of this section. Each electric company shall file for commission approval tariff schedules  
16 for the pilot programs that conform to the requirements.

17 (3) The commission may establish incentive rates for the pilot programs to enable the develop-  
18 ment of the most efficient solar photovoltaic energy systems.

19 (4) A retail electricity consumer participating in a pilot program may receive payments based  
20 on electricity generated from solar photovoltaic energy system output for 15 years from the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 consumer's date of enrollment in the program, at rates or through a rate formula in a tariff schedule  
2 established at the time of enrollment, or at rates otherwise established at the time of enrollment.  
3 The consumer thereafter may receive payments based upon electricity generated from the qualifying  
4 system at a rate equal to the resource value.

5 (5) The commission may adjust the tariff schedule as needed for new pilot program participants  
6 for the purpose of meeting the goal established in subsection (1) of this section. Once a retail elec-  
7 tricity consumer is enrolled in a program, the rates or rate formula for determining payments to the  
8 consumer may not be modified.

9 (6) *[The commission shall establish pilot programs designed to attain a goal of 75 percent of the*  
10 *capacity under each program to be deployed by residential qualifying systems and small commercial*  
11 *qualifying systems.]* The commission *[by rule]* may **adopt and** adjust *[the]* a percentage goal for ca-  
12 pacity deployed by residential and small commercial qualifying systems based upon the costs of the  
13 energy generated, the feasibility of attaining the goal and other factors.

14 (7) The commission may establish total generator nameplate capacity limits for an electric  
15 company so that the rate impact of the pilot program for any customer class does not exceed 0.25  
16 percent of the electric company's revenue requirement for the class in any year.

17 (8) Ownership of renewable energy certificates established under ORS 469A.130 that are asso-  
18 ciated with renewable energy generation under the pilot programs must be transferred to the elec-  
19 tric company and may be used to comply with the renewable portfolio standard described in ORS  
20 469A.052 or 469A.055.

21 (9) To the extent that rates paid under a pilot program exceed the resource value, qualifying  
22 systems participating in the pilot programs are not eligible for expenditures under ORS 757.612  
23 (3)(b)(B) or tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169.

24 (10) All prudently incurred costs associated with compliance with this section are recoverable  
25 in the rates of an electric company.

26 (11) The commission shall advise and assist the owners and operators of qualifying systems in  
27 identifying and using grants, incentive moneys, federal funding and other sources of noninvestment  
28 financial support for the construction and operation of qualifying systems.

29 (12) The pilot programs described in subsection (1) of this section close to new participants on  
30 the earlier of:

31 (a) March 31, *[2015]* **2016**; or

32 (b) The date the cumulative nameplate capacity of solar photovoltaic energy systems that have  
33 been permanently installed by retail electricity consumers under the pilot programs equals *[25]* **27.5**  
34 megawatts of alternating current.

35 (13) The commission shall submit a report to the Legislative Assembly by January 1 of each  
36 odd-numbered year. The report must evaluate the effectiveness of the pilot programs described in  
37 subsection (1) of this section compared to the effectiveness of expenditures under ORS 757.612  
38 (3)(b)(B) or tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169 for promoting the  
39 use of solar photovoltaic energy systems and reducing system costs. The report must also evaluate  
40 the estimated cost of the program to retail electricity consumers.

41 **SECTION 2. The amendments to ORS 757.365 by section 3 of this 2013 Act become oper-**  
42 **ative on March 31, 2014.**

43 **SECTION 3.** ORS 757.365, as amended by section 1 of this 2013 Act, is amended to read:

44 757.365. (1) The Public Utility Commission shall establish a pilot program for each electric  
45 company to demonstrate the use and effectiveness of volumetric incentive rates and payments for

1 electricity or for the nonenergy attributes of electricity, or both, from solar photovoltaic energy  
2 systems that are permanently installed in this state by retail electricity consumers and that first  
3 become operational after the program begins. The cumulative nameplate capacity of the qualifying  
4 systems enrolled in all of the pilot programs may not exceed 27.5 megawatts of alternating current.  
5 Qualifying systems enrolled in the pilot program may not have nameplate generating capacity  
6 greater than 500 kilowatts.

7 (2) The commission by rule shall adopt requirements for the pilot programs described in sub-  
8 section (1) of this section. Each electric company shall file for commission approval tariff schedules  
9 for the pilot programs that conform to the requirements.

10 (3) The commission may establish incentive rates for the pilot programs to enable the develop-  
11 ment of the most efficient solar photovoltaic energy systems.

12 (4) A retail electricity consumer participating in a pilot program may receive payments based  
13 on electricity generated from solar photovoltaic energy system output for 15 years from the  
14 consumer's date of enrollment in the program, at rates or through a rate formula in a tariff schedule  
15 established at the time of enrollment, or at rates otherwise established at the time of enrollment.  
16 The consumer thereafter may receive payments based upon electricity generated from the qualifying  
17 system at a rate equal to the resource value.

18 (5) The commission may adjust the tariff schedule as needed for new pilot program participants  
19 for the purpose of meeting the goal established in subsection (1) of this section. Once a retail elec-  
20 tricity consumer is enrolled in a program, the rates or rate formula for determining payments to the  
21 consumer may not be modified.

22 (6) The commission may adopt and adjust a percentage goal for capacity deployed by residential  
23 and small commercial qualifying systems based upon the costs of the energy generated, the feasi-  
24 bility of attaining the goal and other factors. **For purposes of attaining the goal described in this**  
25 **subsection, the commission shall require 2.5 megawatts of alternating current from the cu-**  
26 **mulative nameplate capacity of qualifying systems to be generated by individual systems with**  
27 **a nameplate generating capacity between five and 100 kilowatts.**

28 (7) The commission may establish total generator nameplate capacity limits for an electric  
29 company so that the rate impact of the pilot program for any customer class does not exceed 0.25  
30 percent of the electric company's revenue requirement for the class in any year.

31 (8) Ownership of renewable energy certificates established under ORS 469A.130 that are asso-  
32 ciated with renewable energy generation under the pilot programs must be transferred to the elec-  
33 tric company and may be used to comply with the renewable portfolio standard described in ORS  
34 469A.052 or 469A.055.

35 (9) To the extent that rates paid under a pilot program exceed the resource value, qualifying  
36 systems participating in the pilot programs are not eligible for expenditures under ORS 757.612  
37 (3)(b)(B) or tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169.

38 (10) All prudently incurred costs associated with compliance with this section are recoverable  
39 in the rates of an electric company.

40 (11) The commission shall advise and assist the owners and operators of qualifying systems in  
41 identifying and using grants, incentive moneys, federal funding and other sources of noninvestment  
42 financial support for the construction and operation of qualifying systems.

43 (12) The pilot programs described in subsection (1) of this section close to new participants on  
44 the earlier of:

45 (a) March 31, 2016; or

1 (b) The date the cumulative nameplate capacity of solar photovoltaic energy systems that have  
2 been permanently installed by retail electricity consumers under the pilot programs equals 27.5  
3 megawatts of alternating current.

4 (13) The commission shall submit a report to the Legislative Assembly by January 1 of each  
5 odd-numbered year. The report must evaluate the effectiveness of the pilot programs described in  
6 subsection (1) of this section compared to the effectiveness of expenditures under ORS 757.612  
7 (3)(b)(B) or tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169 for promoting the  
8 use of solar photovoltaic energy systems and reducing system costs. The report must also [*evaluate*  
9 *the estimated*] **estimate the cost of the program to retail electricity consumers and the resource**  
10 **value of solar energy.**

11 **SECTION 4. (1) The Public Utility Commission shall study the effectiveness of programs**  
12 **that provide incentives for the use of solar photovoltaic energy systems. As part of the**  
13 **study, the commission shall:**

14 (a) **Investigate the resource value of solar energy;**

15 (b) **Investigate the costs and benefits of the programs for retail electricity consumers**  
16 **and how those costs and benefits are distributed among retail electricity consumers;**

17 (c) **Forecast the costs associated with solar photovoltaic energy systems located in**  
18 **Oregon;**

19 (d) **Identify barriers within the programs to providing incentives for the development of**  
20 **solar photovoltaic energy systems; and**

21 (e) **Make recommendations for modifying the programs or establishing new programs for**  
22 **the purpose of providing incentives for the development of solar photovoltaic energy systems**  
23 **in a manner that is cost effective and protects ratepayers, including ratepayers that do not**  
24 **participate in the programs.**

25 (2) **The commission shall consult with the State Department of Energy in conducting the**  
26 **study described in subsection (1) of this section.**

27 (3) **On or before July 1, 2014, the commission shall report on the results of the study, and**  
28 **may include recommendations for legislation, to the interim committees of the Legislative**  
29 **Assembly related to energy.**

30 **SECTION 5. Section 4 of this 2013 Act is repealed on January 2, 2015.**

31 **SECTION 6. This 2013 Act being necessary for the immediate preservation of the public**  
32 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**  
33 **on its passage.**

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