

March 2, 2015

Representative Jessica Vega Pederson,
Chair, House Committee on Energy and Environment

re: support for HB 2745

Dear Chair Vega Pederson:

Renewable Northwest, a diverse member organization that is dedicated to the responsible development of renewable resources in Oregon and throughout the Pacific Northwest, is pleased to support HB 2745, a bill to extend the Volumetric Incentive Rate (VIR) pilot program to 2021.

Solar energy is playing an increasingly important role in helping Oregon achieve a clean energy future for its citizens. As of 2013, Oregon has seen over \$1.6 billion in total solar investments made, with over 8000 installations of solar systems, including residential, commercial, and utility scale applications for a total of 85 megawatts of capacity.

The VIR pilot program, established in 2009, has shown the effectiveness of paying a fixed price for solar electricity produced by retail customers. Participants enter a 15-year contract in which they are paid by the utility company for the solar power they generate. The incentive rate is established by the Public Utility Commission (PUC), and is set to recover the system's total installation cost over time and attract customer and solar developer interest. Participants in this program are not eligible for state tax credits or Energy Trust rebates, but are eligible for federal tax credits. Over five years, incentive rates for small, medium, and large-scale systems have steadily declined, and the 27.5 MW capacity cap is on track to be met by the end of the 2015.

One potential modification that Renewable Northwest supports is amending the program to address the gap in incentives for systems that are 100 kW or greater. Requiring a 75% allocation for systems that are 100kW or greater, with the remaining 25% devoted to systems that are 100 kW or less, will boost support for commercial sized systems. Meanwhile, smaller residential sized systems can continue to utilize the Residential Energy Tax Credit (RETC) and Energy Trust of Oregon incentives.

Another compelling reason to extend the VIR pilot program relates to the resource value of solar. This spring, the PUC will open a docket regarding the resource value of solar. This process will promote a robust discussion among stakeholders about the costs and benefits of solar to customer-generators, utilities, and non-program participants. Renewable Northwest will be deeply engaged in this process. Extending the VIR in the way described above would generate more data from medium sized solar systems, which could in turn

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Community College
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Energy Association
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FirstWind
GE Energy
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Resources Council
Green Mountain Energy
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Northwest Environmental
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Northwest SEED
NW Energy Coalition
OneEnergy Renewables
Oregon Solar Energy
Industries Association
Orion Renewable Energy
Group LLC
OSPIRG
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Portland Energy
Conservation, Inc.
Principle Power
REC Silicon
RES America Developments
Solar Oregon
SolarCity
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SunPower Corporation
SWCA Environmental Consultants
Tonkon Torp LLP
Vestas Americas
Warm Springs Power &
Water Enterprises
Washington Environmental Council
WashPIRG
Western Resource Advocates

provide valuable information for this docket.

As consumer interest in distributed energy generation, and solar energy in particular, continues to rise, Renewable Northwest is pleased to support the continuation of the VIR pilot program as described above. HB 2745 will help the solar industry and PUC can take advantage of declining costs, build on lessons learned, and create a more cost effective and resilient program to build Oregon's solar future.

Sincerely,

Hillary Barbour
Policy Director
Renewable Northwest