



Senate Committee on Energy and Environment
Oregon State Capitol
900 Court St. NE
Salem Oregon 97301

February 4, 2021

Dear Chair Beyer and members of the committee,

The Oregon Solar Energy Industries Association (OSEIA) is a trade association founded in 1981 to promote clean, renewable, solar technologies. OSEIA members include businesses, non-profit groups, and other solar industry stakeholders. We provide a unified voice of the solar industry and focus exclusively on the solar value chain; from workforce development to permitting, advocacy, policy, and regulation for manufacturing, residential, commercial, community, and utility scale solar projects on the local, state and regional level.

The Payment in Lieu of Taxes (PILT or PILOT) program has successfully supported the development of solar projects in Oregon since it became law. Having tax certainty allows project developers to approach financial backers with a solid proposal that inspires confidence in the project.

We strongly support the extension of the PILOT and appreciate working with the Association of Oregon Counties (AOC) and the Community Renewable Energy Association (CREA) to come to you with a proposal to lower the amount of property taxes in the PILOT sometime in the near future. With developers receiving declining rates for solar power, a decline in the PILOT will continue to provide the same incentive to Oregon-based solar projects.

Since the PILOT became law there is a new type of solar project in Oregon: Community Solar. The projects are quite different than most other utility scale solar projects; they provide increased benefits to Oregonians and also come with increased development barriers. Community Solar projects are unlike utility scale projects in that they provide power for residential and commercial subscribers. Each project has multiple entities with subscriptions to that solar power. Community Solar creates access to solar for those that don't currently have access – renters, those without suitable roofs, or low-income ratepayers. Projects are small and must be sited in Oregon, ensuring solar jobs here at home. Each project has a requirement that 10% of its subscribers be low-income and those low-income participants must receive a minimum 20% discount on their bill.

Developing these projects is more complicated than simply installing solar on a home or building a utility scale project. Costs are extremely high and, in many cases, barely pencil out when the



developer heads to the bank for a project loan. Because these projects provide additional benefits to communities they need and deserve special treatment. Property taxes that are too high can cause a project to fail. In some cases, while projects may still move forward, the difficulties of financing community solar projects have caused developers to discontinue investing in community solar in Oregon – these investment dollars, jobs, and community benefits then leave the state and are invested elsewhere.

In order to support the development of community solar projects we would like to see this bill include a special provision for community solar projects – a flat rate of \$5500 for all counties for community solar projects only. This will help these important projects continue to be developed in Oregon. OSEIA is working with CREA and AOC to incorporate this provision into an amendment.

The current proposal under discussion includes a “floor” of \$5500 for the PILOT; we had hoped to work with stakeholders to also include a “ceiling” and are disappointed that there is currently no ceiling under discussion. However, in the interest of supporting this important bill we can move past that concern and focus on supporting solar projects in Oregon.

Thank you for your consideration and your support of extending the PILOT.