

Requested by Representative HELM

**PROPOSED AMENDMENTS TO
HOUSE BILL 3004**

1 In line 2 of the printed bill, after “energy” insert “; creating new pro-
2 visions; amending ORS 314.772, 318.031 and 757.386 and sections 1 and 3,
3 chapter 571, Oregon Laws 2015; and prescribing an effective date”.

4 Delete lines 4 through 8 and insert:
5

6 **“TAX CREDIT FOR TRANSMISSION SERVICE EXPENSES**
7

8 **“SECTION 1. Sections 2 and 3 of this 2023 Act are added to and**
9 **made a part of ORS chapter 315.**

10 **“SECTION 2. As used in this section and section 3 of this 2023 Act:**

11 **“(1) ‘Electric utility’ has the meaning given that term in ORS**
12 **757.600.**

13 **“(2) ‘Eligible generation facility’ means a facility that:**

14 **“(a)(A) Generates only nonemitting electricity derived from solar**
15 **or wind energy; or**

16 **“(B) Provides energy storage; and**

17 **“(b) Is:**

18 **“(A) Owned in whole by a person or persons that are not an electric**
19 **utility, an electric utility holding company, an affiliated interest or**
20 **any combination thereof;**

21 **“(B) Sited in Oregon;**

1 “(C) First placed in service on or after January 1, 2025; and
2 “(D) Covered by an interconnection agreement, entered into on or
3 after January 1, 2024, with:

4 “(i) The Bonneville Power Administration; or

5 “(ii) An electric utility.

6 “(3) ‘Interconnection agreement’ means a contract, between an
7 owner or operator of a transmission or distribution system and a per-
8 son that owns an eligible generation facility, that governs the inter-
9 connection of an eligible generation facility to a transmission or
10 distribution system.

11 “(4) ‘Nonemitting electricity’ has the meaning given that term in
12 ORS 469A.400.

13 “(5) ‘Placed in service’ means the date on which an eligible gener-
14 ation facility is ready and available to generate nonemitting electricity
15 or provide energy storage.

16 “SECTION 3. (1) A credit against taxes that are otherwise due under
17 ORS chapter 316 or, if the taxpayer is a corporation, under ORS
18 chapter 317 or 318 is allowed to a taxpayer that owns an eligible gen-
19 eration facility during the tax year.

20 “(2) The credit under this section shall, except as provided in sub-
21 section (3) of this section, equal the amount paid during the tax year
22 by the owner of an eligible generation facility for transmission ser-
23 vices, calculated as the sum of the amounts paid by the owner of the
24 eligible generation facility to:

25 “(a) The Bonneville Power Administration or, to an electric utility,
26 for transmission services for up to 600 megawatts of the eligible gen-
27 eration facility’s nameplate capacity; and

28 “(b) Parties not described in paragraph (a) of this subsection.

29 “(3) The credit allowed under this section may not exceed:

30 “(a) For the tax year in which the eligible generation facility is first

1 placed in service, and for each of the four subsequent consecutive tax
2 years, the tax liability of the taxpayer for the tax year; and

3 “(b) For each of the 15 consecutive tax years following the final
4 year described in paragraph (a) of this subsection, 75 percent of the
5 tax liability of the taxpayer for the tax year.

6 “(4) Prior to claiming the credit allowed under this section, a tax-
7 payer is required to receive written certification from the State De-
8 partment of Energy that the taxpayer is the owner of an eligible
9 generation facility.

10 “(5) Any tax credit otherwise allowable under this section that is
11 not used by the taxpayer in a particular tax year may be carried for-
12 ward and offset against the taxpayer’s tax liability for the next suc-
13 ceeding tax year. Any credit remaining unused in the next succeeding
14 tax year may be carried forward and used in the second succeeding tax
15 year, and likewise any credit not used in that second succeeding tax
16 year may be carried forward and used in the third succeeding tax year
17 but may not be carried forward for any tax year thereafter.

18 “(6) If a change in the tax year of the taxpayer occurs as described
19 in ORS 314.085, or if the Department of Revenue terminates the
20 taxpayer’s tax year under ORS 314.440, the credit allowed under this
21 section shall be prorated or computed in a manner consistent with
22 ORS 314.085.

23 “(7) The Department of Revenue shall adopt rules for the purposes
24 of this section, including policies and procedures for verifying taxpayer
25 eligibility for the credit allowed under this section.

26 “(8) The State Department of Energy shall provide information to
27 the Department of Revenue about all taxpayers that are eligible for a
28 tax credit under this section, if required by ORS 315.058.

29 **“SECTION 4.** ORS 314.772, as amended by section 11, chapter 34, Oregon
30 Laws 2022, and section 15, chapter 115, Oregon Laws 2022, is amended to

1 read:

2 “314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits al-
3 lowed or allowable to a C corporation for purposes of ORS chapter 317 or
4 318 shall not be allowed to an S corporation. The business tax credits al-
5 lowed or allowable for purposes of ORS chapter 316 shall be allowed or are
6 allowable to the shareholders of the S corporation.

7 “(2) In determining the tax imposed under ORS chapter 316, as provided
8 under ORS 314.763, on income of the shareholder of an S corporation, there
9 shall be taken into account the shareholder’s pro rata share of business tax
10 credit (or item thereof) that would be allowed to the corporation (but for
11 subsection (1) of this section) or recapture or recovery thereof. The credit (or
12 item thereof), recapture or recovery shall be passed through to shareholders
13 in pro rata shares as determined in the manner prescribed under section
14 1377(a) of the Internal Revenue Code.

15 “(3) The character of any item included in a shareholder’s pro rata share
16 under subsection (2) of this section shall be determined as if such item were
17 realized directly from the source from which realized by the corporation, or
18 incurred in the same manner as incurred by the corporation.

19 “(4) If the shareholder is a nonresident and there is a requirement appli-
20 cable for the business tax credit that in the case of a nonresident the credit
21 be allowed in the proportion provided in ORS 316.117, then that provision
22 shall apply to the nonresident shareholder.

23 “(5) As used in this section, ‘business tax credit’ means the following
24 credits: ORS 315.104 (forestation and reforestation), ORS 315.138 (fish
25 screening, by-pass devices, fishways), ORS 315.141 (biomass production for
26 biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture
27 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent
28 care assistance), ORS 315.208 (dependent care facilities), ORS 315.213 (con-
29 tributions for child care), ORS 315.237 (employee and dependent scholar-
30 ships), ORS 315.271 (individual development accounts), ORS 315.304

1 (pollution control facility), ORS 315.326 (renewable energy development con-
2 tributions), ORS 315.331 (energy conservation projects), ORS 315.336 (trans-
3 portation projects), ORS 315.341 (renewable energy resource equipment
4 manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation fa-
5 cilities), ORS 315.506 (tribal taxes on reservation enterprise zones and res-
6 ervation partnership zones), ORS 315.507 (electronic commerce), ORS 315.514
7 (film production development contributions), ORS 315.523 (employee training
8 programs), ORS 315.533 (low income community jobs initiative), ORS 315.593
9 (short line railroads), ORS 315.640 (university venture development funds),
10 ORS 315.643 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for
11 Cultural Development Account contributions), ORS 317.097 (loans for af-
12 fordable housing), ORS 317.124 (long term enterprise zone facilities), ORS
13 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified re-
14 search expenses) and ORS 317.154 (alternative qualified research expenses)
15 and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle con-
16 tributions), section 2, chapter 34, Oregon Laws 2022 (small forest option), and
17 section 8, chapter 115, Oregon Laws 2022 (agricultural overtime pay), **and**
18 **section 3 of this 2023 Act (eligible generation facilities).**

19 **“SECTION 5.** ORS 318.031, as amended by section 12, chapter 34, Oregon
20 Laws 2022, and section 16, chapter 115, Oregon Laws 2022, is amended to
21 read:

22 “318.031. It being the intention of the Legislative Assembly that this
23 chapter and ORS chapter 317 shall be administered as uniformly as possible
24 (allowance being made for the difference in imposition of the taxes), ORS
25 305.140 and 305.150, ORS chapter 314 and the following sections are incor-
26 porated into and made a part of this chapter: ORS 315.104, 315.141, 315.156,
27 315.176, 315.204, 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506,
28 315.507, 315.523, 315.533, 315.593 and 315.643 and section 2, chapter 34, Oregon
29 Laws 2022, and section 8, chapter 115, Oregon Laws 2022, **and section 3 of**
30 **this 2023 Act** (all only to the extent applicable to a corporation) and ORS

1 chapter 317.

2 **“SECTION 6. Section 3 of this 2023 Act applies:**

3 **“(1) Notwithstanding ORS 315.037, to all tax years beginning on or**
4 **after January 1, 2025; and**

5 **“(2) To eligible generation facilities first placed in service on or af-**
6 **ter January 1, 2025, and before January 1, 2031.**

7

8 **“GRANT PROGRAM FOR**
9 **ELIGIBLE INTERCONNECTION FACILITIES**

10

11 **“SECTION 7. (1) As used in this section:**

12 **“(a) ‘Electric utility’ has the meaning given that term in ORS**
13 **757.600.**

14 **“(b) ‘Eligible energy facility’ means a facility that:**

15 **“(A)(i) Generates only nonemitting electricity; or**

16 **“(ii) Provides energy storage; and**

17 **“(B) Is owned in whole by a person or persons that are not an**
18 **electric utility, an electric utility holding company, an affiliated in-**
19 **terest or any combination thereof.**

20 **“(c) ‘Eligible interconnection facility’ means an interconnection**
21 **facility that:**

22 **“(A) Interconnects an eligible energy facility with a transmission**
23 **or distribution system owned or operated by:**

24 **“(i) The Bonneville Power Administration; or**

25 **“(ii) An electric utility in this state; and**

26 **“(B) Is:**

27 **“(i) Sited in Oregon;**

28 **“(ii) Newly constructed; and**

29 **“(iii) Placed in service:**

30 **“(I) On or after January 1, 2025; and**

1 **“(II) On or before December 31, 2029.**

2 **“(d) ‘Interconnection agreement’ means a contract, between an**
3 **owner or operator of a transmission or distribution system and a per-**
4 **son that owns an eligible energy facility, that governs the intercon-**
5 **nection of an eligible energy facility to a transmission or distribution**
6 **system.**

7 **“(e) ‘Interconnection customer’ means a person that interconnects**
8 **an eligible energy facility to a transmission or distribution system.**

9 **“(f)(A) ‘Interconnection facility’ means all facilities and equipment**
10 **required to accommodate the interconnection of an eligible energy**
11 **facility to a transmission or distribution system and used exclusively**
12 **for that interconnection.**

13 **“(B) ‘Interconnection facility’ does not include network upgrades.**

14 **“(g)(A) ‘Network upgrade’ means upgrades, additions or modifica-**
15 **tions to a transmission provider’s transmission or distribution system**
16 **that are required to accommodate the electricity resulting from the**
17 **interconnection of a generation facility.**

18 **“(B) ‘Network upgrade’ does not include:**

19 **“(i) An interconnection facility.**

20 **“(ii) Upgrades, additions or modifications to a transmission or dis-**
21 **tribution system to provide transmission services necessary to effect**
22 **the wholesale sale of electricity in interstate commerce.**

23 **“(h) ‘Nonemitting electricity’ has the meaning given that term in**
24 **ORS 469A.400.**

25 **“(i) ‘Placed in service’ means the point in time when property is**
26 **first placed in a condition or state of readiness and availability for a**
27 **specifically assigned function.**

28 **“(2) The State Department of Energy shall establish a program for**
29 **providing grants to offset the costs of developing eligible intercon-**
30 **nection facilities.**

1 **“(3) To qualify to receive a grant under this section, a person shall**
2 **establish that:**

3 **“(a) The person is developing an eligible interconnection facility;**

4 **“(b) The owner of the eligible interconnection facility on the date**
5 **the eligible interconnection facility is placed in service will be the**
6 **interconnection customer or an interconnecting electric utility; and**

7 **“(c) Any system impact study required for the eligible intercon-**
8 **nection facility has been completed.**

9 **“(4)(a) In awarding grants under this section, the department shall**
10 **give:**

11 **“(A) First preference to an eligible interconnection facility for**
12 **which an interconnection agreement has been executed;**

13 **“(B) Second preference to an eligible interconnection facility for**
14 **which an engineering and procurement agreement has been executed;**
15 **and**

16 **“(C) Third preference to an eligible interconnection facility for**
17 **which a facilities study has been completed.**

18 **“(b) In addition to the preferences listed in paragraph (a) of this**
19 **subsection, the department shall give additional preference when the**
20 **person that owns the eligible energy facility proposes to cover a higher**
21 **percentage of the costs of developing the eligible interconnection fa-**
22 **cility.**

23 **“(5) A grant provided under this section must:**

24 **“(a) Cover up to 75 percent of the costs to develop the eligible**
25 **interconnection facility incurred by:**

26 **“(A) The person that owns the interconnecting eligible energy fa-**
27 **cility; and**

28 **“(B) The owner or operator of the interconnecting transmission or**
29 **distribution system;**

30 **“(b) Be in an amount not to exceed \$15 million per eligible inter-**

1 connection facility; and

2 “(c) Be made available and payable in advance of the execution of
3 an interconnection agreement.

4 “(6) Notwithstanding subsection (5)(b) of this section, an additional
5 grant may be awarded, in an amount not to exceed 10 percent of the
6 initial grant moneys awarded, if the eligible energy facility is covered
7 by an agreement to provide emergency backup energy services to in-
8 crease the resilience of the transmission or distribution system local
9 to the eligible energy facility.

10 “(7)(a) If the department approves a grant award under this section,
11 the department and grant recipient shall enter into a performance
12 agreement that meets the requirements in paragraph (b) of this sub-
13 section.

14 “(b) The performance agreement must provide, at a minimum, that
15 the department may recover grant moneys if the grant recipient fails
16 to:

17 “(A) Abide by the performance agreement; or

18 “(B) Develop or complete the eligible interconnection facility within
19 the time frame specified in the performance agreement or a reasonable
20 time frame if good cause to extend the time frame is demonstrated as
21 determined by the department by rule.

22 “(8) The department may adopt rules to carry out the provisions
23 of this section.

24 “SECTION 8. Section 7 of this 2023 Act is repealed on January 2,
25 2034.

26

27 “COMMUNITY SOLAR PROJECTS

28

29 “SECTION 9. ORS 757.386, as amended by section 3, chapter 79, Oregon
30 Laws 2022, is amended to read:

1 “757.386. (1) For purposes of this section:

2 “(a) ‘Community solar project’ means one or more solar photovoltaic en-
3 ergy systems that provide owners and subscribers the opportunity to share
4 the costs and benefits associated with the generation of electricity by the
5 solar photovoltaic energy systems.

6 “(b) ‘Electric company’ has the meaning given that term in ORS 757.600.

7 “(c) ‘Owner’ means a customer of an electric company who has propor-
8 tionate ownership of part of a community solar project, such as direct own-
9 ership of one or more solar panels or shared ownership of the infrastructure
10 of the community solar project.

11 “(d) ‘Project manager’ means the entity identified as having responsibility
12 for managing the operation of a community solar project and, if applicable,
13 for maintaining contact with the electric company that procures electricity
14 from the community solar project. A project manager may be:

15 “(A) An electric company; or

16 “(B) An independent third party.

17 “(e) ‘Solar photovoltaic energy system’ means equipment and devices that
18 have the primary purpose of collecting solar energy and generating electric-
19 ity by photovoltaic effect.

20 “(f) ‘Subscriber’ means a customer of an electric company who propor-
21 tionately leases part of a community solar project for a minimum of 10 years.

22 “(2)(a) The Public Utility Commission shall establish by rule a program
23 for the procurement of electricity from community solar projects. As part of
24 the program, the commission shall:

25 “(A) Adopt rules prescribing what qualifies a community solar project to
26 participate in the program;

27 “(B) Certify qualified community solar projects for participation in the
28 program;

29 “(C) Prescribe the form and manner by which project managers may apply
30 for certification under the program; and

1 “(D) Require, by rule or order, electric companies to enter into a 20-year
2 power purchase agreement with a certified community solar project.

3 “(b) The commission shall adopt rules under paragraph (a)(A) of this
4 subsection that, at a minimum:

5 “(A) **Permit a community solar project to participate in the pro-**
6 **gram, irrespective of the community solar project’s nameplate capac-**
7 **ity, location in this state or interconnecting utility, or of the electric**
8 **company service territory in which the community solar project’s**
9 **owners or subscribers are located relative to the location of the com-**
10 **munity solar project;**

11 “[A] (B) Incentivize consumers of electricity to be owners or subscrib-
12 ers;

13 “[B] (C) Minimize the shifting of costs from the program to ratepayers
14 who do not own or subscribe to a community solar project;

15 “[C] (D) Where an electric company is the project manager, protect
16 owners and subscribers from undue financial hardship; and

17 “[D] (E) Protect the public interest.

18 “(c) The commission may suspend the program adopted under this sub-
19 section if the commission has good cause to suspend the program.

20 “(3) A community solar project:

21 “(a) Must have at least one solar photovoltaic energy system with a
22 minimum generating capacity of 25 kilowatts;

23 “(b) Must be located in this state; and

24 “(c) May be located anywhere in this state.

25 “(4) A project manager may offer ownership in or subscriptions to a
26 community solar project only to consumers of electricity that are located:

27 “(a) In this state; and

28 “(b) In the service territory of an electric company.

29 “(5)(a) A project manager may offer proportional ownership in or propor-
30 tional subscriptions to a community solar project in any amount that does

1 not exceed a potential owner's or potential subscriber's average annual con-
2 sumption of electricity.

3 “(b) Any value associated with the generation of electricity in excess of
4 an offer to own or subscribe to a community solar project as limited by
5 paragraph (a) of this subsection must be used by the electric company pro-
6 curing electricity from the community solar project in support of low-income
7 residential customers of the electric company.

8 “(6)(a) Except as provided in paragraph (b) of this subsection, an electric
9 company shall credit an owner's or subscriber's electric bill for the amount
10 of electricity generated by a community solar project for the owner or sub-
11 scriber in a manner that reflects the resource value of solar energy. For
12 purposes of this paragraph, the commission shall determine the resource
13 value of solar energy.

14 “(b) The commission may adopt a rate for an electric company to use in
15 crediting an owner's or subscriber's electric bill other than the rate de-
16 scribed in paragraph (a) of this subsection if the commission has good cause
17 to adopt the different rate.

18 “(7)(a) Except as otherwise provided in this section, owners and sub-
19 scribers shall bear the costs and benefits of constructing and operating a
20 community solar project.

21 “(b) Costs incurred by an electric company under the terms of a power
22 purchase agreement entered into pursuant to subsection (2)(a)(D) of this
23 section are recoverable in the rates of the electric company. Moneys col-
24 lected pursuant to imposing those rates, under the terms of a power purchase
25 agreement entered into pursuant to subsection (2)(a)(D) of this section, may
26 be transferred to a project manager for the purpose of operating a community
27 solar project.

28 “(c) All start-up costs prudently incurred during the development or
29 modification of the program established under this section are recoverable
30 in the rates of an electric company.

1 “(d) Owners and subscribers shall bear all ongoing costs incurred during
2 the continued administration of the program established under this section.

3 “(8) Owners and subscribers own all renewable energy certificates estab-
4 lished under ORS 469A.130 that are associated with the generation of elec-
5 tricity by a community solar project, in proportion to the owner’s
6 proportional ownership in or the subscriber’s proportional subscription to
7 the community solar project.

8 “(9) As part of the program established under this section, the commission
9 shall:

10 “(a) Determine a methodology by which 10 percent of the total generating
11 capacity of the community solar projects operated under the program will
12 be made available for use by low-income residential customers of electricity;
13 and

14 “(b) Periodically review and adjust the percentage described in paragraph
15 (a) of this subsection.

16 “(10) A subscription described in this section shall be considered a lease
17 for purposes of ORS 307.092 and 307.112.

18

19 **“SOLAR PROJECTS: FEE IN LIEU OF PROPERTY TAX**

20

21 **“SECTION 10.** Section 1, chapter 571, Oregon Laws 2015, as amended by
22 section 1, chapter 628, Oregon Laws 2019, and section 1, chapter 571, Oregon
23 Laws 2021, is amended to read:

24 **“Sec. 1.** (1)(a) The governing body of a county and the owner or person
25 in possession or control of a solar project located within the county and
26 outside the boundaries of any incorporated city may enter into an agreement
27 that exempts from property taxes the property constituting the solar project
28 and allows the payment of a fee in lieu of property taxes imposed on the
29 property.

30 “(b) An agreement entered into under this section:

1 “(A) May not be for a term longer than 20 consecutive years;

2 “(B) Must indicate how the land on which the solar project is located
3 will be treated with respect to the exemption and fee in lieu of property
4 taxes; and

5 “(C) Must set the rate of the fee in lieu of property taxes in accordance
6 with subsection (2) of this section.

7 “(c) If any portion of a solar project is located within the boundaries of
8 an incorporated city, the governing body of the county shall consult with the
9 governing body of the city before entering into an agreement under para-
10 graph (a) of this subsection. An agreement entered into under paragraph (a)
11 of this subsection with respect to a solar project located within the bound-
12 aries of the incorporated city is not effective unless the governing body of
13 the city is a party to the agreement.

14 “(2)(a) The fee in lieu of property taxes shall be computed at a rate:

15 **“(A) For a solar project with a nameplate capacity of 20 megawatts**
16 **or less, not less than \$5,500, and not more than \$7,000, per megawatt of**
17 **nameplate capacity [of the solar project] for each property tax year.**

18 **“(B) For a solar project with a nameplate capacity greater than 20**
19 **megawatts, not less than \$1,000, and not more than \$3,000, per mega-**
20 **watt of nameplate capacity for each property tax year.**

21 **“(b) Megawatt of nameplate capacity shall be carried to the third decimal**
22 **place.**

23 “(3)(a) On or before December 31 preceding the first property tax year to
24 which an agreement entered into under this section relates, the owner or
25 person in possession or control of the solar project shall file with the
26 assessor of the county in which the solar project is located and the Depart-
27 ment of Revenue a copy of the agreement and the nameplate capacity of the
28 solar project.

29 “(b) For each subsequent property tax year to which the agreement re-
30 lates, the owner or person in possession or control of the solar project shall

1 include with the statement required under ORS 308.524 the nameplate ca-
2 pacity of the solar project.

3 “(c) A filing made under paragraph (a) of this subsection after December
4 31 must be accompanied by a late fee of \$200. A filing may not be made after
5 March 1 preceding the property tax year to which the filing relates.

6 “(4)(a) For each property tax year to which an agreement relates, the
7 department, when certifying and transmitting the assessment roll to the
8 county assessors under ORS 308.505 to 308.674, shall provide the nameplate
9 capacity of each solar project paying the fee in lieu of property taxes to each
10 assessor of a county in which a solar project is located.

11 “(b) As required under ORS 311.255, the county assessors shall extend
12 upon the tax roll against all property constituting a solar project located in
13 the respective counties all fees in lieu of property taxes for the property tax
14 year. The fees shall be apportioned and distributed among the taxing dis-
15 tricts having jurisdiction over the property in the proportion that each tax-
16 ing district’s total tax rate for the property tax year bears to all the taxing
17 districts’ total tax rates for the property tax year.

18 “(5)(a) If the owner or person in possession or control of a solar project
19 that has entered into an agreement under this section fails to pay the fee
20 as required under this section, the property constituting the solar project is
21 not exempt for the following property tax year and shall be assessed and
22 taxed as other similar property is assessed and taxed.

23 “(b) Notwithstanding paragraph (a) of this subsection, the property shall
24 be exempt for the following property tax year upon payment, within one year
25 after the date of delinquency, of the delinquent fee plus interest at the rate
26 prescribed in ORS 311.505 (2). Delinquent fees and interest shall be collected
27 in the manner provided for collection of delinquent property taxes on per-
28 sonal property.

29 “(6)(a) If the owner or person in possession or control of the solar project
30 fails to pay the fee in lieu of property taxes for more than one year during

1 the term of an agreement entered into under this section, notwithstanding
2 the agreement, the property constituting the solar project shall be disquali-
3 fied for the exemption and payment of the fee in lieu of property taxes.

4 “(b) Property that is disqualified under this subsection shall:

5 “(A) Be assessed and taxed as other similar property is assessed and
6 taxed.

7 “(B) In addition, be assessed a penalty in an amount equal to one year
8 of the fee in lieu of property taxes for the property. The penalty assessed
9 under this subparagraph shall be distributed in the manner described in
10 subsection (4)(b) of this section.

11 “(7)(a) Property constituting a solar project that has received an ex-
12 emption under ORS 285C.350 to 285C.370 or 307.123 for any property tax year
13 is not eligible to pay a fee in lieu of property taxes under this section.

14 “(b) Paragraph (a) of this subsection does not apply to property consti-
15 tuting a solar project that was the subject of an application filed pursuant
16 to ORS 285C.350 to 285C.370 if the property did not receive the exemption
17 for any property tax year. The election to pay the fee in lieu of property
18 taxes for property described in this paragraph is not a disqualifying event.

19 “**SECTION 11.** Section 3, chapter 571, Oregon Laws 2015, as amended by
20 section 2, chapter 571, Oregon Laws 2021, is amended to read:

21 “**Sec. 3.** (1) Section 1, chapter 571, Oregon Laws 2015, is repealed on
22 January 2, [2028] **2032.**

23 “(2) Notwithstanding subsection (1) of this section, property constituting
24 a solar project that is exempt from property taxes under section 1, chapter
25 571, Oregon Laws 2015, on the date specified in subsection (1) of this section
26 shall continue to be exempt and to pay the fee in lieu of property taxes for
27 the term specified in the agreement entered into under section 1, chapter 571,
28 Oregon Laws 2015.

29

30

“REIMBURSEMENT FOR NETWORK UPGRADES

1 **“SECTION 12. (1) As used in this section:**

2 **“(a) ‘Commercial operation date’ means the date on which a gen-**
3 **eration facility first begins to generate and deliver electric energy to**
4 **a transmission or distribution system.**

5 **“(b) ‘Interconnection customer’ means a person that proposes to**
6 **interconnect a generation facility to a transmission or distribution**
7 **system for the intrastate transmission of electricity generated by the**
8 **generation facility.**

9 **“(c)(A) ‘Interconnection facility’ means all facilities and equipment**
10 **required to accommodate the interconnection of a generation facility**
11 **to a transmission or distribution system and used exclusively for that**
12 **interconnection.**

13 **“(B) ‘Interconnection facility’ does not include network upgrades.**

14 **“(d)(A) ‘Network upgrade’ means upgrades, additions or modifica-**
15 **tions to a transmission provider’s transmission or distribution system**
16 **that are required to accommodate the electricity resulting from the**
17 **interconnection of a generation facility.**

18 **“(B) ‘Network upgrade’ does not include:**

19 **“(i) An interconnection facility.**

20 **“(ii) Upgrades, additions or modifications to a transmission or dis-**
21 **tribution system to provide transmission services necessary to effect**
22 **the wholesale sale of electricity in interstate commerce.**

23 **“(e) ‘Transmission provider’ means a public utility, as defined in**
24 **ORS 757.005, that owns, operates, manages or controls a transmission**
25 **or distribution system used for the transmission of electricity.**

26 **“(2) The Public Utility Commission shall, by rule:**

27 **“(a) Entitle an interconnection customer to reimbursement rights,**
28 **upon the commercial operation date, that provide the interconnection**
29 **customer with the right to be reimbursed for the cost of network up-**
30 **grades incurred by the interconnection customer and paid to a trans-**

1 mission provider; and

2 “(b) Require the transmission provider to reimburse, within five
3 years from the commercial operation date and with interest, the
4 amount of the cost of network upgrades paid by the interconnection
5 customer to the transmission provider.

6 “(3) A transmission provider and interconnection customer may
7 agree to a reimbursement payment schedule consistent with this sec-
8 tion.

9 “(4) An interconnection customer may assign the interconnection
10 customer’s reimbursement rights to another person.

11 “(5) A transmission provider shall reimburse an interconnection
12 customer the amount of the cost of network upgrades paid by the
13 interconnection customer to the transmission provider if the proposed
14 generation facility fails to achieve commercial operations and a sub-
15 sequent generation facility requires the use of the network upgrades.
16 The transmission provider shall reimburse the customer within 30 days
17 from the commercial operation date of the subsequent generation fa-
18 cility.

19 “(6) The commission shall adopt rules to carry out the provisions
20 of this section.

21

22

“CAPTIONS

23

24 “SECTION 13. The unit captions used in this 2023 Act are provided
25 only for the convenience of the reader and do not become part of the
26 statutory law of this state or express any legislative intent in the
27 enactment of this 2023 Act.

28

29

“EFFECTIVE DATE

30

