



April 13, 2023

Co-Chairs Meek and Nathanson
Joint Committee on Tax Expenditures
Oregon State Capitol
Salem, OR 97301

Re: **Support** for SB 54

Co-Chairs Meek and Nathanson and Members of the Committee,

With the passage of HB 2021 two years ago, Oregon became a global leader in the clean energy transition. As we progress on our state's clean energy transition, we know that distributed energy resources, and community solar in particular, will be critical. SB 54 would ensure the ad valorem tax exemption continues to apply to non-residential community solar. Maintaining this exemption is necessary to ensure non-residential projects can pencil out financially. We support this measure. Climate Solutions is a regional non-profit working to accelerate clean energy solutions to the climate crisis.

The legislature explicitly recognized the importance of community renewable energy in several provisions of HB 2021. That legislation directed ODOE to study the opportunities and barriers for community renewable energy projects and to launch a community renewable energy grant program. It also directed the Investor-Owned Utilities to include in their Clean Energy Plans an examination of the costs and opportunities of offsetting energy generated from fossil fuels with community renewable energy. These projects offer multiple benefits, including resilience and local economic development. They also give communities more flexibility in rapidly transitioning to renewable energy.

Since 2007, residential and non-residential net metered projects have enjoyed exemption from ad valorem taxation. In 2016, SB 1547 created the Community Solar Program to expand access to retail electric customers unable to Net Meter due to limitations such as shaded or inadequate roofs, lease restrictions, ineligibility for the federal Investment Tax Credit, or up-front costs. Community Solar allows customers to buy output of a Community Solar Project located elsewhere in Oregon to offset their electric load, in a transaction similar to virtual Net Metering. Community Solar overcomes limitations of Net Metering and is integral to Oregon's clean energy and social equity initiatives. However, SB 1519 passed in 2022 extended ad valorem tax exemption only to Community Solar systems owned or leased by residential customers, and not those owned or leased by non-residential customers.

As a result of this disparity, planned non-residential community solar projects have struggled financially and are at risk of being shelved. Given Oregon's stated policy of fostering community renewable energy, and the risk of non-residential projects becoming financially infeasible, the legislature should pass SB 54 and revert to granting ad valorem tax benefits for these projects. SB 54 is a common sense measure that will accomplish three important objectives:

1. Improve the ability to finance non-residential Community Solar Projects;
2. Tax all Community Solar and Net Metering projects equally; and

3. Help the Oregon Community Solar program meet its capacity goals

Oregon should foster both residential and non-residential community solar projects in order to boost our clean energy transition. SB 54 will create tax parity with residential community solar. We urge your support.

Sincerely,

Joshua Basofin

Joshua Basofin
Clean Energy Policy Manager
Climate Solutions