



House Committee on Climate, Energy, and Environment
Oregon State Capitol
900 Court St. NE
Salem Oregon 97301

February 1, 2023

Dear Chair Marsh and members of the committee,

The Oregon Solar + Storage Industries Association (OSSIA) is a trade association founded in 1981 to promote clean, renewable, solar technologies. OSSIA members include businesses, non-profit groups, and other solar and storage 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.

OSSIA strongly supports HB 3055 and urge the committee to advance the legislation in this session. This bill is designed to raise the threshold for solar facilities to be qualifying facilities by raising the eligibility cap from 3 megawatts (MW) to 10 MW. At the federal level, the eligibility cap is set by the Public Utility Regulatory Policies Act (PURPA). PURPA sets the federal eligibility cap qualifying facilities (QF) at 80 MW.

In 2005, the Oregon Public Utility Commission set the eligibility cap for solar and wind QFs at 10 MW. Then in 2016, the Commission lowered the threshold for solar facilities down to 3 MW. Overtime the solar market has undergone significant evolution, there were many developers developing projects under 3 MW between 2005-2016. However, the market has shifted and the vast majority if developers installing solar under 3 MWs are for community solar projects. The current market for solar promotes building very large projects to meet renewable energy goals, instead this bill is aimed to spur new small-scale solar development.

Aligning the solar eligibility cap with the current wind eligibility cap puts the two renewable resources on a level playing field, Additionally, this legislation will enable these small-scale solar developments to pair solar with energy storage system.

Some questions have come up during the debate on this bill that we'd like to set the record straight on.

First, this change will benefit small businesses. Only small developers, individual farmers and landowners, are looking to build projects under 10 MW. Large renewable companies are only focused on projects above 20 MW (and in most cases, much, much larger projects).



This change would not impact utility rates. PURPA contracts would continue to be set at the “avoided cost rate,” which means the cheapest price on the market at the time of signing the contract. (Technically meaning, the cost that the utility avoids by purchasing the power from the project, instead of generating it themselves or buying it elsewhere.) If a small project costs more than the utility’s “avoided cost rate,” then it will not be constructed under this program because it will not be financeable.

The claim from utilities that small projects cost more points to old contracts from 15 years ago, before solar prices came down. Projects signed contracts for the cheapest energy price at that moment in time. Between 2009 and 2016 when this change was made at the PUC, solar prices came down dramatically, by 6.5 times. Any contracts signed now will not see the same dramatic change in price, as solar prices have now leveled off.

In their previously filed testimony, PGE compared a PURPA contract price to the short-term power market rate. This is comparing apples and oranges, like comparing the price spent on a night in a hotel to the price of a mortgage. A night at a hotel booked the day before could be very expensive, or a last-minute deal. A mortgage is a long-term investment which ensures a known price over a long period of time. Long-term contracts like PURPA contracts and other contracts the utilities sign help to reduce price volatility for them and cannot be compared with short term market rates.

Most importantly, utilities are refusing to disclose that they have non-PURPA resources and contracts themselves which have also been expensive. A contract means a set price – the market on any given day could be more or less expensive than the contract price. This happens with PURPA and non-PURPA contracts alike.

Since utilities will not disclose how their non-PURPA contracts cost, legislators do not have anything to compare PURPA vs non-PURPA contracts from the same time period.

Lastly, while the PUC is addressing the storage issue, they are not addressing raising the standard rates cap. In fact, they just decided to codify the 3 MW solar cap in rules (in AR 631).

OSSIA supports HB 3055 and urges the committee to advance the bill in order to promote development of small-scale solar energy projects in Oregon.