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Energy

PGE will delay controversial proposal to limit rooftop solar incentive, CEO says



Under net metering, solar customers receive credits for excess generation sent to the grid in a billing period.

LEGEND SOLAR



By **Pete Danko** – Staff Reporter, Portland Business Journal
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Portland General Electric will postpone "for several months" a controversial proposal to put new limits on a key rooftop solar incentive, the utility's CEO said Friday.

Maria Pope made the statement in an emailed response to a letter this week led by Oregon's main solar trade group – and signed onto by a coalition of climate and environmental advocates and Portland's Bureau of Planning & Sustainability – that expressed concern about PGE's plans.



Image: Permission granted to PBJ

Maria Pop, president and CEO of Portland General Electric

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As the Business Journal reported in December, PGE has been working on a proposal to require households to pair batteries with rooftop solar to qualify for generous payments for excess energy sent back to the grid, a program known as net metering.

Investor-owned PGE (NYSE: POR) said then it expected to bring a proposal to the Oregon Public Utility Commission, the utility's regulator, in the first quarter of 2024.

PGE told the Business Journal that the changes, coming in the wake of a major net metering rollback in California, would enhance the value of rooftop solar to its wider customer base by allowing it to bank excess output when demand is light, then use the energy when demand spikes.

PGE's plans alarmed the Oregon Solar + Storage Industries Association, which in December accused the utility of "taking advantage of the political moment to try and earn more money for their shareholders."

The association and co-signers took a somewhat softer line in their Feb. 26 letter, but firmly defended the net metering program now in place.

'Wrong time' for cuts

"This is the wrong time to consider cutting net metering; in fact, PGE and other utilities in Oregon should be expanding net metering programs in order to increase clean energy equity and make faster progress on clean energy goals," they wrote.

The letter called on PGE to "clearly show that the proposal will increase net metering and battery storage adoption" before it brings a proposal to the PUC.

In her response, Pope said PGE, which is facing rate pressures and steep decarbonization mandates, wanted to revise net metering to "encourage development of more rooftop solar that contributes meaningfully to reliability and climate goals."

She highlighted provisions that would retain full net metering for standalone systems already in place, and for standalone systems installed by low-income households. And she listed a variety of incentives in place or in the works that could make the addition of battery storage more affordable.

Still, she said the utility would engage further before finalizing and submitting a proposal.

"Your letter's timing aligns well with our recent decision to postpone any filing with the Commission by several months," Pope wrote. "This delay will allow for extended collaboration with organizations, like yours, that are interested in rooftop solar policies, to develop a proposal that is responsive to our shared goals."



Angela Crowley-Koch, executive director, OSSIA

SAM GEHRKE

Angela Crowley-Koch, executive director of the solar group, said she was "heartened to hear that PGE's CEO wants more rooftop solar," adding that PGE's "current proposal would reduce adoption of rooftop solar, so we hope to see significant changes to the proposal that would result in an increase in rooftop solar adoption rates."

While rooftop solar lowers monthly electricity bills for households by reducing the amount of energy they buy from their utility, net metering can be vital to making it pay off in a reasonable time frame.

Under net metering, solar customers receive credits for excess generation sent to the grid in a billing period. In Oregon, those credits, which can be used to offset energy charges on future bills, are equivalent to the retail electricity rate. That rate can easily be two or three times the wholesale cost.

Rooftop solar's value disputed

Utilities have long chafed at this setup. They say it overvalues rooftop solar and is unfair to customers who don't have panels – often lower-income households – who are left to

bear a rising portion of the cost of maintaining the grid, a concept called "cost shift."

Renewable energy supporters counter that utilities undercount the benefits that rooftop solar delivers to their systems. They say utility disdain for full net metering is mostly driven by a desire to build big solar power plants that they can earn a return on, which isn't the case with rooftop solar.

PGE's plan would still offer some compensation for excess generation but at a lower value. PGE says it would be in line with the energy's value in meeting its demand and would likely reduce the value of net metering by 20% to 30%.

Costs can vary, but an average 8-kilowatt system in Oregon costs around \$20,000 after a federal tax credit. Storage adds at least \$10,000 more to the tab, even with the 30% credit. In Oregon, Energy Trust says it recently began offering a \$3,000 storage rebate that climbs to \$10,000 for income-qualified customers.