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Senate Committee On Energy and Environment

RE: Renewable Energy Coalition Support for SB 688

Dear Committee Members:

The Renewable Energy Coalition is submitting this letter in support of Senate Bill (“SB”) 688. The Renewable Energy Coalition was established in 2009 and comprises nearly fifty members that are both small and large renewable energy generator facilities that purchase interconnection services from utilities, including many Oregon Community Solar Program projects. In total, the Renewable Energy Coalition’s members own and operate nearly seventy renewable energy generation facilities in Oregon, Idaho, Washington, Utah, Montana, and Wyoming.¹ The Renewable Energy Coalition is open to all renewable energy generation technologies. Membership is composed of irrigation districts, water districts, corporations, cooperatives, and individuals. Most of the Renewable Energy Coalition’s members operate existing projects that have been operating and selling to Oregon utilities for numerous years, but many others are developing or planning to develop new projects, primarily wind and solar.

Interconnection of a project to a utility’s electrical system is essential in developing energy projects. Without a reasonable, transparent, and functional process for interconnecting to a utility, which includes key steps such as studies, equipment requirements, cost estimates, agreements, and construction, interconnection customers are unable to progress in or complete the project development process in a timely and cost effective manner. Thus, interconnection

¹ More information about the Renewable Energy Coalition and its members is available at: <http://www.recoalition.com>.

can be a major impediment to developing renewable energy projects. Often the impediments might be more accurately described as purposeful “weaponization.” In Oregon, there have been numerous disputes over most of the previous listed interconnection elements. These include, but are not limited to, major delays in the interconnection study process, excessive interconnection requirements and costs, construction delays, and even delays in re-energization following wildfires. All of these problems have caused significant disputes in the form of Oregon Public Utility Commission complaints between interconnection customers and the utilities. These interconnection disputes extend and are especially related to Oregon’s Community Solar Program.

Resolution of interconnection problems and minimizing the need for formal complaints requires policy solutions. Investor-owned utilities earn a profit for their shareholders through a return on capital investments, including investment in generating resources, that is approved in Oregon by the Public Utility Commission and recovered on customer bills. Independently owned projects, including Community Solar Program projects, do not earn this return for investor-owned utilities. As a result, these utilities have an incentive to prevent development of independent projects. And because interconnection costs are paid for by the project developer, even the addition of facilities, which the utility normally will own, does not provide a basis for any return. The interconnection process, which is highly technical and utility-controlled, is one potential avenue for preventing third party development, often requiring constant pushback under very difficult circumstances. SB 688 could help realign these incentives.

The damage is mounting for many Community Solar Program projects, including the risk of failure for some advanced projects, and the overall results are poor, embarrassing, and contrary to public policy. Nine years after SB 1547 (2016), only 25% of systems in PacifiCorp’s service territory are operational. The delays, excessive costs, and requirements associated with interconnection delays are harming not only the individual projects but the reputation and financials of the Community Solar Program, the Oregon Public Utility Commission, and Oregon policies which impact customer choice and access to locally-sited carbon-free renewable power. Additionally, these delays are harming customer subscribers, especially low-income customer subscribers, who have waited too long for the bill savings from the lower cost electrical energy. Thus, Oregon customer bills, including for those most vulnerable to the impacts of high energy bills, are higher because of interconnection problems. These and other harms should be remedied.

This situation also sends a negative message to other types of independent project developers and advocate entities such as the Renewable Energy Coalition. It is discouraging participation in renewable project development and advocacy due to mounting uncertainty of interconnection-based delays and excessive costs for all types of non-utility renewable projects. Oregon has become a difficult place to invest and construct new facilities, and interconnection difficulties are causing investment capital to leave the state. This is especially unfortunate at a time when these kinds of projects are necessary, valuable, and essential to meet Oregon’s small-scale renewable mandate and other broader goals from Oregon House Bill 2021 (2021).

SB 688 is a bill designed to require the Commission to reward or penalize utilities based on how well they meet certain metrics. The bill could also help address some of the interconnection issues. This will provide more clean energy options to Oregon communities, encourage

renewable energy developers, and spur renewable energy job growth, while keeping electricity rates affordable for Oregonians.

The bill requires the Oregon Public Utility Commission to develop performance-based regulation and provide incentives and penalties related to development of distributed energy resources, improvement of utility operations, reduction of greenhouse gas emissions, and more. The Oregon Public Utility Commission could implement specific performance metrics related to the successful completion of distributed energy resources or the Oregon Community Solar Program. It could also implement specific performance metrics related to interconnection and the utility's operations to improve the interconnection process.

SB 688 also allows the Oregon Public Utility Commission to establish penalties for utilities' performance under any performance metrics. Unlike state utility commissions in other states, I am not aware of the Oregon Public Utility Commission imposing fines or penalties on Oregon utilities, even for the most egregious actions. The risk of financial harm should encourage utilities to meet performance metrics, which could relate to timely processing interconnection requests. SB 688 would be more effective if it required the penalty structure to be commensurate with damages projects incur from utility tactics and required those costs to flow to the project managers as a remedy. Fines are available now to the Oregon Public Utility Commission, but are never used. The Oregon Public Utility Commission's current position is that it cannot order damages, which precludes it from providing complete remedies. However, requiring the penalties is a step in the right direction, and the Renewable Energy Coalition supports this aspect of SB 688.

Interconnection delays are an increasing barrier to development of renewable energy projects, including Oregon's Community Solar Program projects. SB 688 is an important step towards addressing these interconnection delay issues by directing the Oregon Public Utility Commission to implement performance-based regulations. These performance metrics could address many of the issues that are barriers to development of clean energy resources such as interconnection.

The Renewable Energy Coalition respectfully requests your support of SB 688.

Sincerely,



John R. Lowe
Executive Director