



Oregon

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Senate Bill 843 – VIR (Volumetric Incentive Rate Pilot) Report Bill
Testimony From Laura Tabor, Legislative Affairs Director



*House Committee on Climate, Energy, and Environment
Chair Lively, Members of the Committee.*

For the record, my name is Laura Tabor, and I am Legislative Affairs Director for the Oregon Public Utility Commission. I am before you today to support your consideration of SB 843, a bill that was requested by our agency, intended to eliminate a reporting requirement that is no longer necessary.

In 2009 the Legislature enacted House Bill 3039 to direct the Oregon Public Utility Commission to establish a pilot program to demonstrate the use and effectiveness of “volumetric incentive rates” and payments for electricity delivered from solar photovoltaic energy systems within Portland General Electric, PacifiCorp, and Idaho Power Company service territories. The bill also required the PUC to submit biennial reports to the Legislative Assembly.

Volumetric incentive rates are production-based incentives in which participants receive payments based on the output generated from the subscribed solar PV systems minus their own consumption. HB 3039 capped the total nameplate capacity of all systems installed under the pilot at 25 megawatts and limited eligibility to systems under 500 kilowatts; in 2013, HB 2893 raised the total capacity cap to 27.5 MW. Pilot program participants could not take advantage of any state tax credit or Energy Trust of Oregon incentives. Participants could be residential, commercial, and industrial customers.

The full 27.5 MW of program capacity was reserved prior to the close of 2015,¹ resulting in the program closing ahead of its deadline of March 31, 2016.² Subsequently, participants installed over 15 MW of solar capacity in PGE’s service territory, 10.8 MW in PacifiCorp’s service territory, and 0.45 MW in Idaho Power’s service territory. Approximately 1 MW of additional program capacity not accounted for in installed totals, but reserved, theoretically could come

¹ After the May 2015 enrollment window, the amount of unallocated capacity remaining in the program was not sufficient to warrant another enrollment window. In Order 15-250, the Commission re-opened the May 2015 enrollment window and allocated the remaining capacity in the program.

² Once customers reserve capacity, they have 12 months to install a solar PV system or obtain an extension of time. Not all customers that reserve capacity installed a solar PV system, and the capacity reserved by these customers was re-allocated. After the last enrollment window, capacity from reserved yet unbuilt systems was re-allocated to customers remaining in queue.

online but is unlikely given other, more cost-effective solar programs in Oregon. Enrollment in VIR has been closed since 2015.

The PUC is required to submit a report on this program to the Legislature. In the report, the PUC must:

1. Evaluate the estimated cost of the pilot program to retail electricity consumers.
2. Evaluate the relative effectiveness of paying volumetric incentive rates under the pilot programs versus state tax credits (now expired) and Energy Trust of Oregon incentives in promoting the use of solar PV systems and reducing system costs.
3. Estimate the resource value of solar energy.

Senate Bill 843 eliminates the requirement that the PUC develop and submit further reports on this program. We recommend this change because the program has effectively ended, is fully subscribed, and has been for some time. Additionally, in the time since this program was developed, the legislature have identified and promulgated a series of other solar support policies that have been the subject of PUC staff implementation efforts, such as Oregon's Community Solar program.

I am happy to answer any questions about this legislation and thank you for the opportunity to speak to you today.

Laura Tabor
Legislative Affairs Director
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