

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass with Amendments to the A-Engrossed Measure (Print B-Eng.)

Vote: 4 - 0 - 1

Yeas: George, Schrader, Starr, Metsger

Nays: -

Exc.: Verger

Prepared By: Jim Stembridge, Administrator

Meeting Dates: 5/20, 5/27, 5/28

WHAT THE MEASURE DOES: Directs the Public Utility Commission (PUC) to develop a solar power pilot program to demonstrate effectiveness of incentives for electricity delivered from solar voltaic energy systems. Allows customer-side and third-party solar systems to qualify. Allows electric companies to recover costs from ratepayers. Limits total pilot program to 25 megawatts. Encourages state agencies to use fuel cell power systems in lieu of other power equipment and directs the Department of Energy to develop criteria for agencies to use in comparing fuel cell power systems with other equipment options. Makes pilot program provisions operative April 1, 2010. Declares an emergency; effective upon passage.

ISSUES DISCUSSED:

- Encouraging the production of solar energy, while staying within state budget
- Wisdom of placing un-tested policy in statute; experimental nature of pilot program, to test concepts
- Process of devising parameters and sunset dates that provide opportunities for legislative review
- Ways to bring down the costs of renewable energy, potential for job creation
- Oregon's leadership position among the states; solar energy experience in Germany
- Potential general fund revenue impacts of business energy tax credits

EFFECT OF COMMITTEE AMENDMENT: Deletes total solar energy standard. Deletes PUC authority to increase standard. Deletes business energy tax credit benefits.

BACKGROUND: HB 3039-A is intended to help implement Oregon's commitment to a Renewable Portfolio Standard (RPS) through the creation of small and large solar projects. The RPS requires Oregon's largest utilities to provide 25 percent of their retail sales of electricity from newer, clean, renewable sources of energy by 2025. Solar photovoltaic systems use solar panels made of silicon to convert sunlight into electricity. HB 3039-B directs the Public Utility Commission to develop a pilot program of incentives for the production of solar power. HB 3039-B authorizes feed-in tariffs (payment incentives) for small solar projects. Feed-in tariffs, popular in Germany, allow homeowners and small businesses to be paid for electricity they feed into the grid from their own solar power generating equipment.

Fuel cells are electrochemical devices that combine hydrogen and oxygen to produce electricity, with water and heat as its by-product. Fuel cells continue to generate power as long as fuel is supplied to them. Because the conversion of fuel to energy takes place via an electrochemical process, not combustion, the process is clean, quiet, and highly efficient. Although relatively expensive, as with solar energy, costs are coming down.

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This summary has not been adopted or officially endorsed by action of the committee.