



Testimony on HB 2893 4/4/13

Chair Bailey, Representative Reardon, Members of the House Committee on Energy and Environment,

My name is Kathleen Newman and I was honored, along with Mark Pengilly, my colleague at Oregonians for Renewable Energy Policy (OREP), to participate in the work group for HB 2893. Diverse interests were represented in the group. I am pleased that we were able to reach a compromise bill that all parties can support.

We are particularly pleased to have included in the HB 2893-2, with the assistance of Lisa Naito, elements from HB 2812, a bill put forth by OREP to extend and expand the very popular and successful 25MW Solar Pilot Program that was authorized by the legislature in 2009.

The Solar Pilot Program, modeled after feed-in tariff policies that are enacted in 100 countries and are responsible for over 80% of solar installations worldwide, has been well-implemented and administered by the Oregon Public Utilities Commission and has been highly successful as an alternative to the Residential and Business Energy Tax Credits / Energy Trust of Oregon incentives. The Solar Pilot Program has enabled solar installations not only on homes, but also on businesses, farms, schools, churches and other facilities that have historically fallen between the cracks of the available incentives. The Solar Pilot Program has no impact on the general fund. The cost of installation is paid as a fixed production incentive over 15 years, putting the onus on the system owner to keep the system in optimal operating condition and costing consumers less and less over time as the cost of the fossil fuel energy they are replacing escalates.

HB 2893-2 extends the Solar Pilot Program for an additional year, leaving the existing capacity allocations in the program unchanged, but adding 2.5MW of capacity to be available to medium scale systems that are too large or ineligible to benefit from the existing Residential Energy Tax Credit / Energy Trust of Oregon incentives. This modest extension is vital to the continued strength of a diverse and thriving solar industry in Oregon.

OREP has estimated that the rate impact of this extension will be miniscule – initially less than a penny a month on a typical residential electric bill - and diminishing over the fifteen years of the contracts. This is a small price to pay for continuing to drive the market transformation that will, over time, bring the cost of electricity from solar down to parity with electricity from fossil fuels. We have recently witnessed such market transformation success in the wind industry, as incentives have driven the cost of wind energy down to parity in the last decade.

HB 2893-2 also calls for a study by the PUC with assistance from the Oregon Department of Energy to review existing and possible alternative solar incentive programs and make recommendations for a follow-on program that makes sense for Oregon. We expect a comprehensive look at this issue to be a fruitful endeavor, though concern has been expressed that the language insisted upon by the investor owned utilities regarding ratepayer impact may bias the results of the study. We look forward to participating in the docket established by the Public Utility Commission and sharing our expertise about programs in other states and countries.

OREP supports passage of this bill and stands ready to answer questions and offer assistance to the committee.

Sincerely,

Kathleen Newman, Ph.D.
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