

OREP Suggestions for HB 2893 – 2-18-2013

Below are suggestions from Oregonians for Renewable Energy Policy for improvement of HB 2893. Deleted language is in ~~strike through~~. New language is in **Bold**. Comments are in square bracket *[italics]*.

SECTION 2

(2)(a) At a minimum, an electric company must purchase from a retail electricity consumer ~~participating in the program~~ **all the** electricity that is generated by a solar photovoltaic energy system **that is participating in the program** at a rate that is equal to the value established by the commission under subsection (3) of this section.

[The point in adding ALL is that the utility must be directed to purchase all the electricity produced by the system, not just some of it. On the other hand, it should also leave open the possibility of a consumer already having a system installed under a net metering program or the current Solar Pilot Program.]

(3) The commission shall adopt and biennially update by ~~rule~~ **order** the value of electricity generated by a solar photovoltaic energy system.

[The methodology should be set in rule but updating the value can be more simply achieved through order.]

In adopting the value, the commission shall consider:

(a) The resource value of solar energy taking into account:

- ~~(b)~~ **(A)** The value of the electricity displaced by the electricity generated;
- ~~(d)~~ **(B)** Any reduction in transmission and distribution losses attributable to the electricity generated;
- (C) Any savings attributable to avoiding the construction of generation capacity, taking into account transmission and distribution loss savings;**
- ~~(e)~~ **(D)** Any savings attributable to avoiding the construction and maintenance of infrastructure required to transmit electricity;
- ~~(g)~~ **(E)** The value of electricity produced at peak usage times;
- ~~(e)~~ **(F)** The value of mitigating fuel price volatility attributable to the electricity generated;
- (G) The value of mitigating the cost of future regulation of carbon dioxide emissions;**
- (H) Environmental benefits calculated as the value of the renewable energy credits for the energy generated;**

and taking into account at the discretion of the Commission:

- (I) Any value to the grid from reactive power control attributable to the photovoltaic systems installed;**
- (J) The value of any increase in grid resilience and reliability attributable to the electricity generated; and**
- (K) The value of any other benefits to the utility or grid attributable to the electricity generated; and**

- ~~(a)(b) The value of electricity generated with respect to the~~ **The capability to generate electricity by photovoltaic effect in different regions in this state;**
~~(f)(c) The true market value of the solar photovoltaic energy system;~~ **The cost of financing, installing, and maintaining the solar photovoltaic energy system; and**
~~(h)(d) Any other factor the commission considers relevant to establishing the value.~~

[(b) and (c) do not enter into resource value and are not financially important to the program until such a time as solar can be installed at a cost lower than would be paid off in a reasonable time frame by resource value payments for the electricity. Including (b) and (c) allows the Commission to set prices lower than resource value when solar becomes cost competitive, thus bringing down the cost of electricity to rate payers. In the near future the price the utility will pay under FERC is the resource value, not the full value established that includes cost of generation and solar resource intensity. However, when solar becomes cheaper than resource value, (not far off for large systems in sunny locales) the PUC would set a lower value based on the cost of installation, O and M, and ROI.]

~~(5) The difference between the purchase price described in subsection (2) of this section and the avoided cost of the next most affordable energy resource, as determined by the commission under subsection (3), is~~
Retail electricity consumers participating in the program shall be eligible for allocation under ORS 757.612 (3)(b)(B) ~~or~~ and tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169.

[Both incentives should be available under this program just as they are for net metered customers since the resource value paid is expected to be in the same realm as retail value.]

SECTION 3. ORS 757.375 is amended to read:

757.375. (1) Any electricity produced from a qualifying system under [ORS 757.370] **section 2 of this 2013 Act** that is physically located in this state may be used by an electric company to comply with the renewable portfolio standard established under ORS 469A.005 to 469A.210.

[unchanged in this recommendation – bold change carried from HB2893]

~~(2) For each kilowatt hour of electricity produced from a qualifying system that first becomes operational before January 1, 2016, and generates at least 500 kilowatts, an electric company will be credited with two kilowatthours of qualifying electricity toward the company's compliance with the renewable portfolio standard under ORS 469A.005 to 469A.210, up to a maximum of 20 megawatts of capacity.~~

[There is no justification for this subsection. Under this Act the utilities are receiving exactly what they pay for in terms of energy value and environmental value. The beauty of this Act is its accurate accounting. Besides the huge benefit of calculating the value to the utilities of distributed generation of electricity by solar photovoltaics, another benefit to this Act compared to net metering is that, since production and consumption are accounted for separately, customer generators share fairly with all other customers in the burden of paying for transmission and distribution, which together amount to nearly half the cost of the energy. {see typical PGE bill below}

Basic Charge	9.00
Energy Use Charge	
381.000 kWh x 6.77800¢	25.82
Transmission Charge	
381.000 kWh x 0.23500¢	0.90
Distribution Charge	
381.000 kWh x 3.11600¢	11.87]

~~SECTION 5. ORS 757.365 is repealed.~~

[The Solar Pilot Program should not be repealed. July 2010 was first allocation period; capacity is slated to roll out twice a year for 4 years, so the last major allocation is set for October 1, 2013. April 1, 2014 and October 1, 2014 are expected to be used to allocate rollover capacity that was allocated but not installed. The Solar Pilot program should continue so as to install the full 25MW. The program will sunset on its own. We do not want to risk voiding all the contracts signed under the program by repealing the law.]

SECTION 5. (1) Sections 1 and 2 of this 2013 Act, the amendments to ORS 757.300 and 757.375 by sections 3 and 4 of this 2013 Act ~~and the repeal of ORS 757.365~~ by section 5 of this 2013 Act become operative on ~~October 1, 2014.~~ **November 1, 2014..**

[We suggest making this November 1, 2014 or later, so as to allow Solar Pilot Program allocation to be completed and to allow the utilities time to establish protocols and software. It seems that having it start on the day of the last allocation of the Solar Pilot Program is asking for confusion.]

(2) The Public Utility Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the commission to exercise, on and after the operative date specified in subsection (1) of this section, all the duties, functions and powers conferred on the commission by sections 1 and 2 of this 2013 Act, the amendments to ORS 757.300 and 757.375 by sections 3 and 4 of this 2013 Act ~~and the repeal of ORS 757.365 by section 5 of this 2013 Act.~~

SECTION 7 6. This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect on its passage.