

D R A F T

SUMMARY

Requires Public Utility Commission to establish program under which electric company must agree to purchase from retail electricity consumer electricity generated by solar photovoltaic energy system that is permanently installed by retail electricity consumer. Repeals provision establishing similar, temporary program.

Becomes operative October 1, 2014.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1

2 Relating to solar photovoltaic energy systems; creating new provisions;
3 amending ORS 757.300 and 757.375; repealing ORS 757.365; and declaring
4 an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Section 2 of this 2013 Act is added to and made a part**
7 **of ORS 757.360 to 757.380.**

8 **SECTION 2. (1) The Public Utility Commission shall establish a**
9 **program under which an electric company must agree to purchase**
10 **from a retail electricity consumer electricity generated by a solar**
11 **photovoltaic energy system that is permanently installed by the retail**
12 **electricity consumer. The nameplate capacity of a solar photovoltaic**
13 **energy system enrolled in the program may not exceed five megawatts**
14 **of alternating current.**

15 **(2)(a) At a minimum, an electric company must purchase from a**
16 **retail electricity consumer participating in the program electricity**
17 **that is generated by a solar photovoltaic energy system at a rate that**
18 **is equal to the value established by the commission under subsection**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **(3) of this section.**

2 **(b) An electric company may purchase from a retail electricity**
3 **consumer participating in the program electricity that is generated by**
4 **a solar photovoltaic energy system at a rate that is greater than the**
5 **value established by the commission under subsection (3) of this sec-**
6 **tion pursuant to the terms of an agreement between the electric**
7 **company and the retail electricity consumer.**

8 **(3) The commission shall adopt and biennially update by rule the**
9 **value of electricity generated by a solar photovoltaic energy system.**
10 **In adopting the value, the commission shall consider:**

11 **(a) The value of the electricity generated with respect to the capa-**
12 **bility to generate electricity by photovoltaic effect in different regions**
13 **in this state;**

14 **(b) The value of the electricity displaced by the electricity gener-**
15 **ated;**

16 **(c) Any savings attributable to avoiding the construction and**
17 **maintenance of infrastructure required to transmit electricity;**

18 **(d) Any reduction in transmission and distribution losses attribut-**
19 **able to the electricity generated;**

20 **(e) The value of mitigating fuel price volatility attributable to the**
21 **electricity generated;**

22 **(f) The true market value of the solar photovoltaic energy system;**

23 **(g) The value of the electricity produced at peak usage times; and**

24 **(h) Any other factor the commission considers relevant to estab-**
25 **lishing the value.**

26 **(4) Ownership of a renewable energy certificate issued under the**
27 **system established in ORS 469A.130 that is associated with solar**
28 **photovoltaic energy generation under the program established in this**
29 **section must be transferred to the electric company and may be used**
30 **by the electric company to comply with the renewable portfolio**
31 **standard established under ORS 469A.005 to 469A.210 as described in**

1 **ORS 757.375.**

2 (5) The difference between the purchase price described in sub-
3 section (2) of this section and the avoided cost of the next most af-
4 fordable energy resource, as determined by the commission by rule, is
5 eligible for allocation under ORS 757.612 (3)(b)(B) or tax credits under
6 ORS 469B.100 to 469B.118 or 469B.130 to 469B.169.

7 (6) An electric company may file with the commission tariff sched-
8 ules for the purpose of implementing the requirements of this section.
9 All prudently incurred costs associated with implementing the re-
10 quirements of this section are recoverable in the rates of the electric
11 company.

12 **SECTION 3.** ORS 757.375 is amended to read:

13 757.375. (1) Any electricity produced from a qualifying system under [*ORS*
14 *757.370*] **section 2 of this 2013 Act** that is physically located in this state
15 may be used by an electric company to comply with the renewable portfolio
16 standard established under ORS 469A.005 to 469A.210.

17 (2) For each kilowatt-hour of electricity produced from a qualifying sys-
18 tem that first becomes operational before January 1, 2016, and generates at
19 least 500 kilowatts, an electric company will be credited with two kilowatt-
20 hours of qualifying electricity toward the company's compliance with the
21 renewable portfolio standard under ORS 469A.005 to 469A.210, up to a maxi-
22 mum of 20 megawatts of capacity.

23 **SECTION 4.** ORS 757.300 is amended to read:

24 757.300. (1) As used in this section:

25 (a) "Customer-generator" means a user of a net metering facility.

26 (b) "Electric utility" means a public utility, a people's utility district op-
27 erating under ORS chapter 261, a municipal utility operating under ORS
28 chapter 225 or an electric cooperative organized under ORS chapter 62.

29 (c) "Net metering" means measuring the difference between the electricity
30 supplied by an electric utility and the electricity generated by a customer-
31 generator and fed back to the electric utility over the applicable billing pe-

1 rioid.

2 (d)(A) “Net metering facility” means a facility for the production of
3 electrical energy that:

4 [(A)] (i) Generates electricity using solar power, wind power, fuel cells,
5 hydroelectric power, landfill gas, digester gas, waste, dedicated energy crops
6 available on a renewable basis or low-emission, nontoxic biomass based on
7 solid organic fuels from wood, forest or field residues;

8 [(B)] (ii) Is located on the customer-generator’s premises;

9 [(C)] (iii) Can operate in parallel with an electric utility’s existing
10 transmission and distribution facilities; and

11 [(D)] (iv) Is intended primarily to offset part or all of the customer-
12 generator’s requirements for electricity.

13 **(B) “Net metering facility” does not include a solar photovoltaic**
14 **energy system owned by a retail electricity consumer, as defined in**
15 **ORS 757.600, that is participating in the program established under**
16 **section 2 of this 2013 Act.**

17 (2) An electric utility that offers residential and commercial electric ser-
18 vice:

19 (a) Shall allow net metering facilities to be interconnected using a
20 standard meter that is capable of registering the flow of electricity in two
21 directions.

22 (b) May at its own expense install one or more additional meters to
23 monitor the flow of electricity in each direction.

24 (c) May not charge a customer-generator a fee or charge that would in-
25 crease the customer-generator’s minimum monthly charge to an amount
26 greater than that of other customers in the same rate class as the
27 customer-generator. However, the Public Utility Commission, for a public
28 utility, or the governing body, for a municipal electric utility, electric coop-
29 erative or people’s utility district, may authorize an electric utility to assess
30 a greater fee or charge, of any type, if the electric utility’s direct costs of
31 interconnection and administration of the net metering outweigh the dis-

1 tribution system, environmental and public policy benefits of allocating such
2 costs among the electric utility's entire customer base. The commission may
3 authorize a public utility to assess a greater fee or charge under this para-
4 graph only following notice and opportunity for public comment. The gov-
5 erning body of a municipal electric utility, electric cooperative or people's
6 utility district may assess a greater fee or charge under this paragraph only
7 following notice and opportunity for comment from the customers of the
8 utility, cooperative or district.

9 (3)(a) For a customer-generator, an electric utility shall measure the net
10 electricity produced or consumed during the billing period in accordance
11 with normal metering practices.

12 (b) If an electric utility supplies a customer-generator more electricity
13 than the customer-generator feeds back to the electric utility during a billing
14 period, the electric utility shall charge the customer-generator for the net
15 electricity that the electric utility supplied.

16 (c) Except as provided in paragraph (d) of this subsection, if a customer-
17 generator feeds back to an electric utility more electricity than the electric
18 utility supplies the customer-generator during a billing period, the electric
19 utility may charge the minimum monthly charge described in subsection (2)
20 of this section but must credit the customer-generator for the excess
21 kilowatt-hours generated during the billing period. An electric utility may
22 value the excess kilowatt-hours at the avoided cost of the utility, as deter-
23 mined by the commission or the appropriate governing body. An electric
24 utility that values the excess kilowatt-hours at the avoided cost shall bear
25 the cost of measuring the excess kilowatt-hours, issuing payments and billing
26 for the excess hours. The electric utility also shall bear the cost of providing
27 and installing additional metering to measure the reverse flow of electricity.

28 (d) For the billing cycle ending in March of each year, or on such other
29 date as agreed to by the electric utility and the customer-generator, any re-
30 maining unused kilowatt-hour credit accumulated during the previous year
31 shall be granted to the electric utility for distribution to customers enrolled

1 in the electric utility's low-income assistance programs, credited to the
2 customer-generator or dedicated for other use as determined by the commis-
3 sion, for a public utility, or the governing body, for a municipal electric
4 utility, electric cooperative or people's utility district, following notice and
5 opportunity for public comment.

6 (4)(a) A net metering facility shall meet all applicable safety and per-
7 formance standards established in the state building code. The standards
8 shall be consistent with the applicable standards established by the National
9 Electrical Code, the Institute of Electrical and Electronics Engineers and
10 Underwriters Laboratories or other similarly accredited laboratory.

11 (b) Following notice and opportunity for public comment, the commission,
12 for a public utility, or the governing body, for a municipal electric utility,
13 electric cooperative or people's utility district, may adopt additional control
14 and testing requirements for customer-generators to protect public safety or
15 system reliability.

16 (c) An electric utility may not require a customer-generator whose net
17 metering facility meets the standards in paragraphs (a) and (b) of this sub-
18 section to comply with additional safety or performance standards, perform
19 or pay for additional tests or purchase additional liability insurance. How-
20 ever, an electric utility shall not be liable directly or indirectly for permit-
21 ting or continuing to allow an attachment of a net metering facility, or for
22 the acts or omissions of the customer-generator that cause loss or injury,
23 including death, to any third party.

24 (5) Nothing in this section is intended to prevent an electric utility from
25 offering, or a customer-generator from accepting, products or services related
26 to the customer-generator's net metering facility that are different from the
27 net metering services described in this section.

28 (6) The commission, for a public utility, or the governing body, for a
29 municipal electric utility, electric cooperative or people's utility district,
30 may not limit the cumulative generating capacity of solar, wind, fuel cell and
31 microhydroelectric net metering systems to less than one-half of one percent

1 of a utility's, cooperative's or district's historic single-hour peak load. After
2 a cumulative limit of one-half of one percent has been reached, the obligation
3 of a public utility, municipal electric utility, electric cooperative or people's
4 utility district to offer net metering to a new customer-generator may be
5 limited by the commission or governing body in order to balance the inter-
6 ests of retail customers. When limiting net metering obligations under this
7 subsection, the commission or the governing body shall consider the envi-
8 ronmental and other public policy benefits of net metering systems. The
9 commission may limit net metering obligations under this subsection only
10 following notice and opportunity for public comment. The governing body
11 of a municipal electric utility, electric cooperative or people's utility district
12 may limit net metering obligations under this subsection only following no-
13 tice and opportunity for comment from the customers of the utility, cooper-
14 ative or district.

15 (7) The commission or the governing body may adopt rules or ordinances
16 to ensure that the obligations and costs associated with net metering apply
17 to all power suppliers within the service territory of a public utility, mu-
18 nicipal electric utility, electric cooperative or people's utility district.

19 (8) This section applies only to net metering facilities that have a gener-
20 ating capacity of 25 kilowatts or less, except that the commission by rule
21 may provide for a higher limit for customers of a public utility.

22 (9) Notwithstanding subsections (2) to (8) of this section, an electric
23 utility serving fewer than 25,000 customers in Oregon that has its head-
24 quarters located in another state and offers net metering services or a sub-
25 stantial equivalent offset against retail sales in that state shall be deemed
26 to be in compliance with this section if the electric utility offers net meter-
27 ing services to its customers in Oregon in accordance with tariffs, schedules
28 and other regulations promulgated by the appropriate authority in the state
29 where the electric utility's headquarters are located.

30 **SECTION 5. ORS 757.365 is repealed.**

31 **SECTION 6. (1) Sections 1 and 2 of this 2013 Act, the amendments**

1 to ORS 757.300 and 757.375 by sections 3 and 4 of this 2013 Act and the
2 repeal of ORS 757.365 by section 5 of this 2013 Act become operative
3 on October 1, 2014.

4 (2) The Public Utility Commission may take any action before the
5 operative date specified in subsection (1) of this section that is neces-
6 sary to enable the commission to exercise, on and after the operative
7 date specified in subsection (1) of this section, all the duties, functions
8 and powers conferred on the commission by sections 1 and 2 of this
9 2013 Act, the amendments to ORS 757.300 and 757.375 by sections 3 and
10 4 of this 2013 Act and the repeal of ORS 757.365 by section 5 of this 2013
11 Act.

12 SECTION 7. This 2013 Act being necessary for the immediate pres-
13 ervation of the public peace, health and safety, an emergency is de-
14 clared to exist, and this 2013 Act takes effect on its passage.

15
