

# House Bill 2893

Sponsored by COMMITTEE ON ENERGY AND ENVIRONMENT

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

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; amending ORS 757.300 and  
3 757.375; repealing ORS 757.365; and declaring an emergency.

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

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

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

12 **(2)(a) At a minimum, an electric company must purchase from a retail electricity con-**  
13 **sumer participating in the program electricity that is generated by a solar photovoltaic en-**  
14 **ergy system at a rate that is equal to the value established by the commission under**  
15 **subsection (3) of this section.**

16 **(b) An electric company may purchase from a retail electricity consumer participating**  
17 **in the program electricity that is generated by a solar photovoltaic energy system at a rate**  
18 **that is greater than the value established by the commission under subsection (3) of this**  
19 **section pursuant to the terms of an agreement between the electric company and the retail**  
20 **electricity consumer.**

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

24 **(a) The value of the electricity generated with respect to the capability to generate**  
25 **electricity by photovoltaic effect in different regions in this state;**

26 **(b) The value of the electricity displaced by the electricity generated;**

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

29 **(d) Any reduction in transmission and distribution losses attributable to the electricity**

**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 **generated;**

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

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

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

5 (h) **Any other factor the commission considers relevant to establishing the value.**

6 (4) **Ownership of a renewable energy certificate issued under the system established in**  
 7 **ORS 469A.130 that is associated with solar photovoltaic energy generation under the program**  
 8 **established in this section must be transferred to the electric company and may be used by**  
 9 **the electric company to comply with the renewable portfolio standard established under ORS**  
 10 **469A.005 to 469A.210 as described in ORS 757.375.**

11 (5) **The difference between the purchase price described in subsection (2) of this section**  
 12 **and the avoided cost of the next most affordable energy resource, as determined by the**  
 13 **commission by rule, is eligible for allocation under ORS 757.612 (3)(b)(B) or tax credits under**  
 14 **ORS 469B.100 to 469B.118 or 469B.130 to 469B.169.**

15 (6) **An electric company may file with the commission tariff schedules for the purpose**  
 16 **of implementing the requirements of this section. All prudently incurred costs associated**  
 17 **with implementing the requirements of this section are recoverable in the rates of the elec-**  
 18 **tric company.**

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

20 757.375. (1) Any electricity produced from a qualifying system under [ORS 757.370] **section 2**  
 21 **of this 2013 Act** that is physically located in this state may be used by an electric company to  
 22 comply with the renewable portfolio standard established under ORS 469A.005 to 469A.210.

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

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

29 757.300. (1) As used in this section:

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

31 (b) "Electric utility" means a public utility, a people's utility district operating under ORS  
 32 chapter 261, a municipal utility operating under ORS chapter 225 or an electric cooperative organ-  
 33 ized under ORS chapter 62.

34 (c) "Net metering" means measuring the difference between the electricity supplied by an elec-  
 35 tric utility and the electricity generated by a customer-generator and fed back to the electric utility  
 36 over the applicable billing period.

37 (d)(A) "Net metering facility" means a facility for the production of electrical energy that:

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

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

42 [(C)] (iii) Can operate in parallel with an electric utility's existing transmission and distribution  
 43 facilities; and

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

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

4       (2) An electric utility that offers residential and commercial electric service:

5       (a) Shall allow net metering facilities to be interconnected using a standard meter that is ca-  
6 pable of registering the flow of electricity in two directions.

7       (b) May at its own expense install one or more additional meters to monitor the flow of elec-  
8 tricity in each direction.

9       (c) May not charge a customer-generator a fee or charge that would increase the customer-  
10 generator’s minimum monthly charge to an amount greater than that of other customers in the same  
11 rate class as the customer-generator. However, the Public Utility Commission, for a public utility,  
12 or the governing body, for a municipal electric utility, electric cooperative or people’s utility dis-  
13 trict, may authorize an electric utility to assess a greater fee or charge, of any type, if the electric  
14 utility’s direct costs of interconnection and administration of the net metering outweigh the dis-  
15 tribution system, environmental and public policy benefits of allocating such costs among the elec-  
16 tric utility’s entire customer base. The commission may authorize a public utility to assess a greater  
17 fee or charge under this paragraph only following notice and opportunity for public comment. The  
18 governing body of a municipal electric utility, electric cooperative or people’s utility district may  
19 assess a greater fee or charge under this paragraph only following notice and opportunity for com-  
20 ment from the customers of the utility, cooperative or district.

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

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

26       (c) Except as provided in paragraph (d) of this subsection, if a customer-generator feeds back to  
27 an electric utility more electricity than the electric utility supplies the customer-generator during  
28 a billing period, the electric utility may charge the minimum monthly charge described in subsection  
29 (2) of this section but must credit the customer-generator for the excess kilowatt-hours generated  
30 during the billing period. An electric utility may value the excess kilowatt-hours at the avoided cost  
31 of the utility, as determined by the commission or the appropriate governing body. An electric utility  
32 that values the excess kilowatt-hours at the avoided cost shall bear the cost of measuring the excess  
33 kilowatt-hours, issuing payments and billing for the excess hours. The electric utility also shall bear  
34 the cost of providing and installing additional metering to measure the reverse flow of electricity.

35       (d) For the billing cycle ending in March of each year, or on such other date as agreed to by  
36 the electric utility and the customer-generator, any remaining unused kilowatt-hour credit accumu-  
37 lated during the previous year shall be granted to the electric utility for distribution to customers  
38 enrolled in the electric utility’s low-income assistance programs, credited to the customer-generator  
39 or dedicated for other use as determined by the commission, for a public utility, or the governing  
40 body, for a municipal electric utility, electric cooperative or people’s utility district, following notice  
41 and opportunity for public comment.

42       (4)(a) A net metering facility shall meet all applicable safety and performance standards estab-  
43 lished in the state building code. The standards shall be consistent with the applicable standards  
44 established by the National Electrical Code, the Institute of Electrical and Electronics Engineers  
45 and Underwriters Laboratories or other similarly accredited laboratory.

1 (b) Following notice and opportunity for public comment, the commission, for a public utility,  
2 or the governing body, for a municipal electric utility, electric cooperative or people's utility dis-  
3 trict, may adopt additional control and testing requirements for customer-generators to protect  
4 public safety or system reliability.

5 (c) An electric utility may not require a customer-generator whose net metering facility meets  
6 the standards in paragraphs (a) and (b) of this subsection to comply with additional safety or per-  
7 formance standards, perform or pay for additional tests or purchase additional liability insurance.  
8 However, an electric utility shall not be liable directly or indirectly for permitting or continuing to  
9 allow an attachment of a net metering facility, or for the acts or omissions of the customer-  
10 generator that cause loss or injury, including death, to any third party.

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

14 (6) The commission, for a public utility, or the governing body, for a municipal electric utility,  
15 electric cooperative or people's utility district, may not limit the cumulative generating capacity of  
16 solar, wind, fuel cell and microhydroelectric net metering systems to less than one-half of one per-  
17 cent of a utility's, cooperative's or district's historic single-hour peak load. After a cumulative limit  
18 of one-half of one percent has been reached, the obligation of a public utility, municipal electric  
19 utility, electric cooperative or people's utility district to offer net metering to a new customer-  
20 generator may be limited by the commission or governing body in order to balance the interests of  
21 retail customers. When limiting net metering obligations under this subsection, the commission or  
22 the governing body shall consider the environmental and other public policy benefits of net metering  
23 systems. The commission may limit net metering obligations under this subsection only following  
24 notice and opportunity for public comment. The governing body of a municipal electric utility,  
25 electric cooperative or people's utility district may limit net metering obligations under this sub-  
26 section only following notice and opportunity for comment from the customers of the utility, coop-  
27 erative or district.

28 (7) The commission or the governing body may adopt rules or ordinances to ensure that the  
29 obligations and costs associated with net metering apply to all power suppliers within the service  
30 territory of a public utility, municipal electric utility, electric cooperative or people's utility district.

31 (8) This section applies only to net metering facilities that have a generating capacity of 25  
32 kilowatts or less, except that the commission by rule may provide for a higher limit for customers  
33 of a public utility.

34 (9) Notwithstanding subsections (2) to (8) of this section, an electric utility serving fewer than  
35 25,000 customers in Oregon that has its headquarters located in another state and offers net me-  
36 tering services or a substantial equivalent offset against retail sales in that state shall be deemed  
37 to be in compliance with this section if the electric utility offers net metering services to its cus-  
38 tomers in Oregon in accordance with tariffs, schedules and other regulations promulgated by the  
39 appropriate authority in the state where the electric utility's headquarters are located.

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

41 **SECTION 6. (1) Sections 1 and 2 of this 2013 Act, the amendments to ORS 757.300 and**  
42 **757.375 by sections 3 and 4 of this 2013 Act and the repeal of ORS 757.365 by section 5 of this**  
43 **2013 Act become operative on October 1, 2014.**

44 **(2) The Public Utility Commission may take any action before the operative date specified**  
45 **in subsection (1) of this section that is necessary to enable the commission to exercise, on**

1 and after the operative date specified in subsection (1) of this section, all the duties, func-  
2 tions and powers conferred on the commission by sections 1 and 2 of this 2013 Act, the  
3 amendments to ORS 757.300 and 757.375 by sections 3 and 4 of this 2013 Act and the repeal  
4 of ORS 757.365 by section 5 of this 2013 Act.

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

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