

To: Sen. Beyer and Members of the Senate Business and Transportation Committee

From: Dan Orzech, PowerUp Development LLC

Re: Support for SB 1520

Date: February 6, 2014

Dear Sen. Beyer and members of the Committee,

I would like to respectfully request that you support SB 1520, which can remove the barriers to financing small community solar facilities in Oregon. There is significant demand for these types of solar projects, but they are not currently getting financed and built.

I'm a solar developer, and a consultant to other developers on financing their projects. I work with about a dozen investors across the country who invest in solar projects. They include solar panel manufacturers, venture capitalists looking to expand beyond their traditional portfolio, tax-equity funds, private investors, equipment leasing companies, as well as traditional banks.

Much of my work is in the major solar markets in the U.S. These are California, New Jersey, New York and Massachusetts, and until recently Hawaii and Arizona. Oregon, from the point of view of investors, is not a tier 1 solar market, it's not a tier 2 market, it's not a tier 3 market. For investors who are interested in solar, Oregon is essentially a black hole – it doesn't exist.

How does this affect the Oregon economy? Let me give you an example.

Last summer, I developed a solar project for a large non-profit in Portland, which develops senior and affordable housing. Looked at from an investor's point of view, this is an ideal organization: they're stable, they've been around since the early 1980s, they own 25 buildings, they've got strong financials. We received six 10 kW Feed In Tariff awards to put solar on some of their buildings.

The non-profit didn't want to put the money up themselves, and wanted to take advantage of the federal tax credit for solar, so we looked for an investor to own the project and sell them the power under what's called a Power Purchase Agreement. These are the type of agreements I routinely organize for solar projects around the country. After about six months of looking for an investor, I gave up. Even with the relatively high rate the Oregon FIT was paying, the project was simply too small for any of the investors I work with. To capture the interest of an investor, I would have had to bundle together five or ten projects that size. In the Oregon market, that's a near impossibility.

The investors are not biased against us, or punitive, it's simply that the legal and accounting overhead of investing in a solar project that small outweighs any possible return. The result is that worthwhile projects, particularly for non-profits and faith-based organizations which can't take the federal tax credit, are not getting built in our state.

So are there are no investors interested in financing solar in Oregon? In fact, there are, right here at home, but they're not allowed to do it.

A few months ago, the Energy Action Team of the Corvallis Sustainability Coalition conducted a survey to gauge interest in a community solar project in our area. This wasn't randomized – we're not talking Gallup here – but we received 364 responses, which is a decent sized sample, approaching 1% of the town's population. And of those people, 252, or nearly three-quarters, expressed interest in investing in a local solar project. But of course, they can't, there's no mechanism, currently, under Oregon law, for them to do so. That's what we're asking you to fix. A clean energy coop is a simple way to let these people invest in their own community.

You're probably aware that Oregon would not be inventing anything new here. Our neighbors to the north and south have both passed legislation in recent years that allows their citizens to come together to own local solar facilities. So have a number of other states.

Therefore, I respectfully request that you give your full support to SB 1520.

Thank you.

Dan Orzech  
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