

HB 2632



Solar Production Credits for large scale solar installations

Testimony for House Energy and Environment, Nancy Matela 2.19.2015

This bill is a sensible idea that will help Oregon address climate change issues and encourage increased growth of the solar industry. The concept is far more reasoned than the BETC program, both in its subsidy design and its push of commercial scale rather than residential scale solar facilities.

However, a second part of the bill should prohibit data centers from using this program. Let's not turn this positive program into a BETC II where only a few large corporations unrealistically prosper from multiple well-intentioned state programs, on the backs of all Oregonians. As you probably read in [Monday's front page article on data center's benefits from enterprise zone tax breaks in Hillsboro](#), this industry is already benefitting handsomely from our property tax structure and absence of a sales tax. And of course, none of us knows what income taxes the businesses pay Oregon. But we do know they devour energy.

In recent years, and at heavy expense to the state, we've increased the renewable energy production in Oregon. New renewables are now 6% or more of our energy supply. But data centers are such hungry energy users that they are now gobbling up roughly half of that new energy. Meanwhile, researchers have found that only 36% are built to Energy Star™ efficiency standards.¹ Shouldn't we require that in Oregon?

Thus, we would propose an additional amendment that requires that new data center facilities in rural areas build their own facilities to provide 65% of their own energy through own-source renewable energy production, and that urban facilities pay the upcharge for renewable energy available through our electricity suppliers. Building their own power production facilities is a growing model for the industry, and the requirement would not be onerous. We asked two experts the following: *Given an industrial size solar farm in Oregon along the Columbia or in Prineville (serving a data center), roughly how long might it take for the cost to be returned by the savings?* There responses were:

- 1) "Would need more info on size, but likely 10 years with federal ITC," and
- 2) "...This is really rough, but without the federal ITC it would be ~14 years....With the ITC, I get 9 years....throw in accelerated depreciation and the payback time will drop."²

Data centers should be commended for "greening up," with ever more energy efficient facilities and installed solar, wind and new hydro here in Oregon, across the US and around the world. But we shouldn't ask the state's budget to help these businesses pay for their good business practices. Instead of using this program to subsidize their commitment, we could require them to be at least Energy Star™ efficient, and to create their own solar energy or other renewable energy where there is ample land, or to buy "green" energy where not. That way these high energy-using, low job-producing businesses will be contributing more to Oregon by enhancing our renewable energy mix.

Let's not turn HB 2632's positive program into a BETC II where only a few large corporations unrealistically prosper from multiple state programs, on the backs of all Oregonians.

We read the bills and follow the money

¹ Massoud Jourabchi, manager of economic analysis for Northwest Power and Conservation Council, reports that only 36% of data centers, embedded or private, etc, are Energy Star™ rated.

² The full response was: "It all depends on what the rate is for the energy and how much it cost per watt installed. I think they can install for under \$2/watt now for industrial scale, and can operate at about 8¢/kWh and dropping. One kw installed produces about 1.4 megawatt hours per year in a sunny area. So, \$112/year revenue from one kw installed at a cost of ~\$1500. This is really rough, but without the federal ITC it would be ~14 years. That seems too long to me. With the ITC I get 9 years. Still maybe high, but we're sort of in the ballpark. I think they like a 6 year payback. Ah, yes, and throw in accelerated depreciation and the payback time will drop."