

# House Bill 2632

Sponsored by Representative BENTZ, Senator ROBLAN; Representatives GILLIAM, HUFFMAN, READ, VEGA PEDERSON, Senator DEMBROW (Pre-session filed.)

## 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**.

Directs Oregon Department of Administrative Services to establish program to incentivize generation of electricity derived from solar energy.

Establishes Solar Incentivization Fund for purposes of program. Directs department to make payments from fund to owners of qualified solar photovoltaic energy systems.

Specifies that program closes to new applicants on January 2, 2022.

Sunsets program on January 2, 2029.

## A BILL FOR AN ACT

1  
2 Relating to solar energy.

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

4 **SECTION 1. (1) As used in this section:**

5 (a) **"Investor-owned utility" means an investor-owned utility, as defined in ORS 469.631,**  
6 **that distributes electricity.**

7 (b) **"Nameplate capacity" means the maximum rated output of a generator or other**  
8 **electric power production equipment under specific conditions designated by the manufac-**  
9 **turer of the equipment.**

10 (c) **"Publicly owned utility" has the meaning given that term in ORS 469.649.**

11 (d) **"Solar photovoltaic energy system" means equipment and devices that have the pri-**  
12 **mary purpose of collecting solar energy and generating electricity by photovoltaic effect.**

13 (2) **The Oregon Department of Administrative Services shall establish a program to**  
14 **incentivize the generation of electricity derived from solar energy. As part of the program,**  
15 **the department shall:**

16 (a) **Establish the form and manner by which the owner or operator of a solar photovoltaic**  
17 **energy system may apply to participate in the program;**

18 (b) **Identify solar photovoltaic energy systems that are qualified to be included in the**  
19 **program; and**

20 (c) **Enter into contracts with owners or operators of solar photovoltaic energy systems**  
21 **for the purpose of purchasing renewable energy certificates established under ORS 469A.130**  
22 **that are associated with the generation of electricity by solar photovoltaic energy systems.**

23 (3)(a) **To participate in the program, an owner or operator of a solar photovoltaic energy**  
24 **system must demonstrate to the satisfaction of the department that the solar photovoltaic**  
25 **energy system is qualified to be included in the program. A solar photovoltaic energy system**  
26 **is qualified to be included in the program if the solar photovoltaic energy system:**

27 (A) **Is located in this state;**

28 (B) **Has a nameplate capacity of two or more megawatts;**

**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 (C) Is either directly connected to the electrical system of an investor-owned utility or  
 2 publicly owned utility, or is indirectly connected to the electrical system of an investor-  
 3 owned utility or publicly owned utility in a manner that the department determines is ac-  
 4 ceptable for program participants;

5 (D) Has a meter or other device that monitors and measures the quantity of energy  
 6 generated by the solar photovoltaic energy system; and

7 (E) Meets any other siting, design, interconnection, installation and electric output  
 8 standards required by the laws of this state.

9 (b) An investor-owned utility or a publicly owned utility that owns a qualified solar  
 10 photovoltaic energy system is eligible to participate in the program.

11 (4)(a) The department shall establish by rule a payment schedule for the purpose of  
 12 making payments pursuant to contracts described in subsection (2)(c) of this section.

13 (b) Subject to moneys available for the purposes of this section, the payment schedule  
 14 must be in the following amounts:

15 (A) For a solar photovoltaic energy system with a nameplate capacity of 10 megawatts  
 16 or less:

17 (i) Two cents per kilowatt hour for those geographic zones of this state that the depart-  
 18 ment determines would allow for the production of a high volume of solar energy; and

19 (ii) Three cents per kilowatt hour for those geographic zones of this state that the de-  
 20 partment determines would allow for the production of a low volume of solar energy.

21 (B) For a solar photovoltaic energy system with a nameplate capacity of 45 megawatts:

22 (i) One cent per kilowatt hour for those geographic zones of this state that the depart-  
 23 ment determines would allow for the production of a high volume of solar energy; and

24 (ii) Two cents per kilowatt hour for those geographic zones of this state that the de-  
 25 partment determines would allow for the production of a low volume of solar energy.

26 (C) For a solar photovoltaic energy system with a nameplate capacity of more than 10  
 27 megawatts and less than 45 megawatts:

28 (i) In those geographic zones of this state that the department determines would allow  
 29 for the production of a high volume of solar energy, an amount between two cents per kilo-  
 30 watt hour and one cent per kilowatt hour that is proportional to the nameplate capacity of  
 31 the solar photovoltaic energy system, as determined by the department in consideration of  
 32 the rates set forth in subparagraphs (A)(i) and (B)(i) of this paragraph; and

33 (ii) In those geographic zones of this state that the department determines would allow  
 34 for the production of a low volume of solar energy, an amount between three cents per  
 35 kilowatt hour and two cents per kilowatt hour that is proportional to the nameplate capacity  
 36 of the solar photovoltaic energy system, as determined by the department in consideration  
 37 of the rates set forth in subparagraphs (A)(ii) and (B)(ii) of this paragraph.

38 (5) The department may make payments to a program participant under this section for  
 39 no more than seven years after the date on which the department makes an initial payment  
 40 to the program participant.

41 (6) Before entering into a contract described in subsection (2)(c) of this section, the de-  
 42 partment shall:

43 (a) Consult with the State Department of Energy to ensure that:

44 (A) A proposed solar photovoltaic energy system is qualified as described in subsection  
 45 (3) of this section; and

1 (B) The solar photovoltaic energy system is likely to generate electricity no later than  
 2 one year after the date on which the Oregon Department of Administrative Services and the  
 3 owner or operator of the solar photovoltaic energy system enter into the contract; and

4 (b) If applicable, consult with the Public Utility Commission to ensure that the costs as-  
 5 sociated with a solar photovoltaic energy system will be recoverable pursuant to a schedule  
 6 submitted to and approved by the commission in accordance with ORS 757.205 and 757.210  
 7 or pursuant to other applicable provisions of law providing for the recovery of costs borne  
 8 by investor-owned utilities.

9 (7) A solar photovoltaic energy system owned by a program participant is not eligible to  
 10 receive funds under ORS 757.612 (3)(b)(B).

11 (8) The Oregon Department of Administrative Services may adopt rules to implement this  
 12 section.

13 (9) The department shall submit a report on implementing this section in the manner  
 14 provided by ORS 192.245 to an interim committee of the Legislative Assembly related to en-  
 15 ergy no later than September 15 of each odd-numbered year.

16 **SECTION 2.** The Oregon Department of Administrative Services shall:

17 (1) Close the program described in section 1 of this 2015 Act to new applicants on January  
 18 2, 2022; and

19 (2) Reduce the amounts described in section 1 (4) of this 2015 Act as follows:

20 (a) For contracts entered into on or after January 2, 2017, the payment schedule must  
 21 be for amounts that are 90 percent of the amounts described in section 1 (4) of this 2015 Act;

22 (b) For contracts entered into on or after January 2, 2018, the payment schedule must  
 23 be for amounts that are 80 percent of the amounts described in section 1 (4) of this 2015 Act;

24 (c) For contracts entered into on or after January 2, 2019, the payment schedule must  
 25 be for amounts that are 70 percent of the amounts described in section 1 (4) of this 2015 Act;

26 (d) For contracts entered into on or after January 2, 2020, the payment schedule must  
 27 be for amounts that are 60 percent of the amounts described in section 1 (4) of this 2015 Act;  
 28 and

29 (e) For contracts entered into on or after January 2, 2021, the payment schedule must  
 30 be for amounts that are 50 percent of the amounts described in section 1 (4) of this 2015 Act.

31 **SECTION 3.** (1) There is established the Solar Incentivization Fund, separate and distinct  
 32 from the General Fund. Interest earned by the Solar Incentivization Fund shall be credited  
 33 to the fund.

34 (2) Moneys in the Solar Incentivization Fund are continuously appropriated to the Oregon  
 35 Department of Administrative Services for the purposes of the program described in section  
 36 1 of this 2015 Act.

37 (3) The department may accept from any source any grant, donation or gift of moneys  
 38 for deposit in the Solar Incentivization Fund.

39 **SECTION 4.** (1) Sections 1 to 3 of this 2015 Act are repealed on January 2, 2029.

40 (2) Any moneys remaining in the Solar Incentivization Fund on the date of the repeal of  
 41 section 3 of this 2015 Act shall be transferred from the Solar Incentivization Fund to the  
 42 General Fund to be available for general governmental purposes.