

February 2, 2016

Proposal for Solar Farms: HB 4037 (2016)

Concept: There is a modest but significant number of solar farms ready to be built in 2016 or early 2017. These projects need a small amount of support.

Objectives: (a.) Continue to drive down the cost of solar here by encouraging more plants to be built in Oregon. (b.) Utilize a small production based incentive. (c.) 150 MW program cap. 10 MW cap per project.

Explanation: A production based incentive avoids the problem of dollars out before results are assured. The incentive would be a fraction of the cost of previous incentive programs. The benefits greatly exceed the program cost. Property tax revenues and income tax revenues over the project life each greatly exceed the program cost.

Proposal: (a.) A production based incentive. Pay only after renewable energy is produced. (b.) The projects receiving support retain the Renewable Energy Credits and must find electricity customers or a utility willing to invest capital to obtain the Renewable Energy Credits. Open to projects selling to all electric utilities; voluntary, not mandatory.

This program will be sufficient to encourage several (about 18) high-production/low-cost solar plants to be built in Oregon in 2016 - 2017. Total program costs are contained. This is a significant rural economic development program.

Key Differences from the Prior Bill:

- Much lower incentive; much lower cost to the state
- The project has a much shorter overall life
- The project is smaller (150 MW instead of 300 MW)
- Construction will occur right away, in 2016 and 2017
- The project retains the RECs and is responsible to find a buyer for the RECs
- Cap on project size at 10 MW (80 acres)