

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 4037 - A3**

78th Oregon Legislative Assembly – 2016 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Directs Oregon Business Development Department to establish program to incentivize generation of electricity derived from solar energy.

**Government Unit(s) Affected:**

Business Development Department (Business Oregon), Department of Energy, Public Utility Commission (PUC)

**Summary of Expenditure Impact:**

	<b>2015-17 Biennium</b>	<b>2017-19 Biennium</b>
General Fund	\$951,561	\$3,504,778
<b>Total Funds</b>	<b>\$951,561</b>	<b>\$3,504,778</b>
Positions	1	1
FTE	0.58	1.00

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

HB 4037 directs the Oregon Business Development Department (Business Oregon) to establish a program to provide incentives to owners of photovoltaic energy systems that collect and distribute solar electricity. These systems must be directly connected to an investor-owned or publicly-owned utility. The equipment must have a nameplate capacity between two and ten megawatts. Business Oregon must consult with Department of Energy (ODE) before enrolling an applicant to verify equipment qualifies for the program based on utility connection, capacity, equipment location, and has a meter or other device that monitors and/or measures the energy generated by the solar photovoltaic system. The Public Utility Commission (PUC) must ensure that the costs associated with an investor owned utility system are recoverable pursuant to state law. The program awards \$0.005 per kilowatt hour of solar power generated to qualified participants for five years. The acceptance of new program participants ends at the earlier of the date on which all solar photovoltaic energy systems included in the program have a cumulative name plate capacity of 150 megawatts or January 2, 2017. The program sunsets on January 2, 2023 and all funds remaining in the Solar Incentivization Fund and that time must be transferred to the General Fund (GF).

Maximum payments to qualifying applicants, during the term of the five year program, are estimated at \$8.22 million; payments are anticipated to cost \$821,700 General Fund in the 2015-17 biennium and \$3,286,800 in the 2017-19 biennium. Business Oregon estimates that one limited-duration Operations & Policy Analyst 4 can operate the program by coordinating applications, arrange consultations with the PUC and ODE, report metrics, review and recommend approval of monthly program payments, and provide customer service. This position (0.58 FTE) is estimated to cost \$129,861 GF in the 2015-17 biennium and (1.00 FTE) \$209,561 GF in the 2017-19 biennium.

Fiscal impacts, associated with this legislation, to the Public Utility Commission and the Department of Energy are anticipated to be minimal and absorbable within existing budgetary parameters.