

**STAFF MEASURE SUMMARY****House Committee On Energy and Environment****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 02/04/16**Action:** Do Pass With Amendments And Be Referred To Ways And Means By Prior Reference. (Printed A-Eng.)**Meeting Dates:** 02/02, 02/04**Vote:**

Yeas: 9 - Bentz, Boone, Heard, Helm, Holvey, Johnson, Reardon, Vega Pederson, Weidner

**Prepared By:** Beth Patrino, Committee Administrator**WHAT THE MEASURE DOES:**

Directs the Oregon Business Development Department (OBDD) to establish a program to incentivize the generation of electricity from solar energy, including: prescribing the form and manner of participant application, enrolling qualified applicants, limiting the cumulative nameplate capacity of systems in the program owned or operated by a single enrollee and any affiliated business to 35 megawatts, and closing the program on the earlier of the date on which the total nameplate capacity in the program reaches 150 megawatts or January 2, 2017. Establishes qualification criteria for solar photovoltaic energy systems to be included in the program. Allows investor owned utility or publicly owned utility to participate in program. Directs OBDD to make monthly payments to program enrollee for five years; payment to equal one-half cent per kilowatt hour of electricity generated. Directs OBDD to reduce payments if a system does not generate electricity after one year of enrollment and to remove system from program if system has not generated electricity after two years of enrollment. Before enrolling an applicant, requires OBDD to consult with the Oregon Department of Energy to ensure system qualification and that system, if not generating electricity on date of enrollment, is likely to begin generating electricity no later than one year after program application. If applicable, requires OBDD to consult with the Public Utility Commission to ensure solar system costs will be recoverable under law. Specifies that solar system owner also owns all renewable energy certificates associated with system and is not eligible to receive public purpose charge funds unless received pursuant to agreement entered into before effective date of Act. Authorizes OBDD to adopt rules to implement Act and requires a report to interim legislative committee related to energy no later than September 15 of each odd-numbered year. Establishes the Solar Incentivization Fund. Repeals program on January 2, 2023 and transfers any remaining funds to the General Fund. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Interest in gaining experience developing larger scale solar projects in Oregon
- How much solar capacity is likely to be developed over next five years
- Requirements to ensure enrolled projects begin generating electricity

**EFFECT OF COMMITTEE AMENDMENT:**

Revises definition of "nameplate capacity." Directs Oregon Business Development Department (OBDD) to require applicant to submit plan to complete construction and begin generation within one year of program enrollment. Sets limit on cumulative nameplate capacity of systems included in program owned or operated by single enrollee and any business affiliated with enrollee to 35 megawatts. Requires applicant system to have commercial operations date, as specified in power purchase agreement, on or after January 1, 2016. Specifies rate paid to enrollee is based on electricity generated the preceding month and that beginning one year after enrollment, for each month system does not generate electricity, OBDD is to reduce by one month the number of monthly payments otherwise required. Directs OBDD to remove solar system from program and prohibits enrollee from receiving any payments

otherwise required under program for that system if system has not generated electricity within two years of enrollment.

**BACKGROUND:**

Solar energy technologies produce electricity from the energy of the sun. The most commonly used solar technologies are solar water heating, passive solar design for space heating and cooling, and solar photovoltaic for electricity.

House Bill 4037A would direct the Oregon Business Development Department to establish a program to encourage the development of solar energy projects in Oregon with a nameplate capacity of between two and 10 megawatts. A project enrolled in the program would receive a monthly payment of one-half cent per kilowatt hour of electricity generated for a period of five years.