

HB 3325 STAFF MEASURE SUMMARY

House Committee On Energy and Environment

Prepared By: Misty Freeman, LPRO Analyst

Meeting Dates: 3/21, 3/26

WHAT THE MEASURE DOES:

Differentiates rules for residential customer-generators and nonresidential customer-generators of electricity. Modifies rules for a nonresidential customer-generator to interconnect to an electric distribution system for a net metering facility with a generating capacity of more than 25 kilowatts (kW) but less than two megawatts (MW). Requires public utility to notify nonresidential customer-generator within five days of receiving an application for interconnection if additional information is needed. Directs public utility to conduct an interconnection facilities study (study) for applications to interconnect a net metering facility with a generating capacity of more than 250 kW. Authorizes public utility to assess an applicant fee, up to the amount specified by the Public Utility Commission (PUC) by rule, and to complete the study within 45 days after receipt of applicant fee. Directs public utility to provide results upon completion of the study, along with an executable interconnection agreement. Requires the interconnection agreement to list the conditions and facilities needed to safely interconnect the net metering facility to the electric distribution system with a nonbinding, good faith estimate of the cost of those facilities, accurate to within five percent of the actual cost; include a list of approved vendors or contractors who may engineer, construct, or install the necessary facilities at the direction of the public utility; and establish that the public utility is responsible for constructing necessary facilities within six months of applicant execution of the interconnection agreement. Establishes that the applicant shall be responsible for the actual installed costs of facilities necessary for interconnection, as identified in the study. Specifies that the applicant may choose the vendor or contractor, from the list provided and approved by the public utility, to engineer, construct, or install necessary facilities. Details the following schedule for the applicant to pay the actual installed costs to the public utility: 33 percent of the total shall be due at the signing of the interconnection agreement; 33 percent of the total shall be due upon substantial completion of the engineering, construction, and installation of necessary facilities; and 34 percent of the total shall be due upon written notice by the public utility that the interconnection is approved and the net metering facility may begin operation.

Directs PUC to adopt rules requiring public utilities to equitably apportion costs for necessary interconnection facilities to allow safe interconnection of multiple net metering facilities, while ensuring that early adopters are not subject to greater financial burden and that early investments in net metering facilities are not disincentivized. Requires rules to include direction to public utilities to consider the following when apportioning costs for necessary facilities: whether the engineering, construction, or installation of necessary facilities would have otherwise been completed as part of the public utility's planned facility maintenance in the near future; benefits of the necessary facility to the applicant compared to the benefit to current and anticipated future additional customer-generators; and any other factors the PUC deems necessary to equitably apportion costs.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Oregon's net metering law allows all utility customers to generate their own electricity and reduce their electricity bills. Upon installation of a solar electric system, the utility will go out to the customer's home or solar site and

HB 3325 STAFF MEASURE SUMMARY

switch out their existing utility meter for a bidirectional "net" meter. There is no charge for the new meter, which keeps track of the power the customer buys from the utility, and the power the customer supplies to the grid. Each month, the power from the utility is offset by the power the customer produces, and the customer is only charged for the difference, or the "net." If the customer generates more power than they use in the month, their electric bill will have no kilowatt hour charges, and they only pay base utility service charges. Surplus energy generates kilowatt hour credits that are applied to the customer's future electric bills. Unused credits accumulate in the customer's account, so that credits accumulated during sunnier summer months can be applied to charges incurred during Oregon's cloudy winter months.

House Bill 3325 would modify the rules for a nonresidential customer-generator to interconnect to an electric distribution system for a net metering facility with a generating capacity of more than 25 kilowatts but less than two megawatts. The Act would specify application processes, including a requirement for the public utility to conduct an interconnection facilities study to identify necessary interconnection facilities to be engineered, constructed, and installed for the net metering facility to safely interconnect. The Act would require the applicant to pay for the actual installed costs of the necessary interconnection facilities, and would establish a schedule for payment of those costs. House Bill 3325 would direct the Public Utility Commission to develop rules for public utilities to equitably assign costs for necessary interconnection facilities, balancing the benefit to the applicant and the benefit to current and potential future additional customer-generators.