



Portland General Electric
121 SW Salmon Street • Portland, Ore. 97204

March 21, 2019

House Energy and Environment Committee Members

Chair Helm	Rep. Salinas
Vice-Chair Reschke	Rep. Sollman
Vice-Chair Schouten	Rep. Wilde
Rep. Findley	Rep. Williams
	Rep. Zika

RE: HB 3325 – Relating to net metering

Dear Committee Members:

Thank you for the opportunity to submit testimony on HB 3325. Portland General Electric (PGE), an investor-owned electric utility serving more than 2 million Oregonians with safe, reliable and affordable electricity, is committed to being part of the solution to climate change. We have a history of working with our customers to provide options to those who want to be cleaner, faster and we continue to work to give our customers what they want. For more than a decade, PGE has consistently supported policies that give customers options and promote cost-effective renewable energy, among them the feed-in tariff (2009), the voluntary renewable energy tariff (2014), and community solar (2016). In terms of net metering, we have a little more than 100MW of customer-sited energy on our system from nearly 10,000 PGE customers. With our support, these customers are generating their own energy and receiving credit for it. We see over 1000 customers installing their own systems each year.

While we support net metering, we oppose HB 3325 because the bill asks other customers to pay for costs that should be paid by developers, restrains flexibility and addresses a problem that does not exist.

This bill would allow for additional costs to be unfairly shouldered by customers who don't net meter.

- Almost 20-years ago in the time where most meters were mechanical and had a dial that could spin backward (resulting in the ability to "net" production against usage) net metering was a simple solution to the complex problem of how to compensate customer-generators for energy they produce and provide a small incentive.
- As a result, net-metered customers are paid the full retail rate for the energy they produce, which is worth *more* than the energy produced from their system. This results in net-metered customers receiving a cross-subsidy paid for by PGE customers who don't net-meter. As concluded by the two-year resource value of solar docket at the OPUC, the contribution to the system coming from a net-metered electron is about half the retail rate.
- In short: We do not support policies that would statutorily expand the program and provide even more generous supports for customers enrolled in the program or allow for additional costs to be shouldered by non-participants – all of which HB 3325 would do.

The legislature set the policy framework around net metering and provided flexibility to the OPUC to adopt rules – rules that are considered industry leading.

- The current statute gives the OPUC the flexibility to modify net-metering rules and limits based on current technologies, impact on the grid and best practices rather than locking down details of interconnection in statute. HB 3325 codifies very detailed regulations, including timelines, cost estimates and billing, that are best left to rule so that they can more easily be changed if circumstances warrant.
- There is no compelling case to statutorily expand net metering to include projects up to 2MW. The commission has authority to change the statutory limit of 25kw and did so in 2007 to 2MW. The commission should retain the flexibility to raise or lower that limit should circumstance demand.
- In short: The current net metering rules work well and were developed with the solar industry and the utilities. In fact, Oregon's net metering and interconnection rules receive an "A" from the Interstate Renewable Energy Council and Vote Solar. They are prescriptive and include firm timelines, obligations on the utility and requirements for good faith. HB 3325 addresses only a small number of facilities in the interconnection process at the expense of the majority of the projects.

The bill would force other PGE customers to pay for costs that should be paid for by solar developers or the customer who is net metering.

- In section 3 (3), the bill requires apportioning costs to other customers for costs of interconnecting any specific net metered facility. A developer interested in utilizing PGE's system to the benefit of their customer should pay for the costs of their effect on the system.
- In section 3 (1), the bill requires interconnection cost estimates to be accurate within 5 percent, with the assumption that the utility or other customers would pay if the estimate is incorrect. However, utilities are already required to provide good faith estimates of costs of interconnection and to pay, at our own expense, studies or tests necessary for interconnection. There is no reason to shift costs to the utility due to an inaccurate estimate.

This bill seeks to solve a problem that does not exist.

- By our count, the OPUC has received fewer than five complaints against PGE regarding commercial net metering, none of which were on issues that would be addressed by this bill.
- There are three levels of interconnection review. Of the 1,173 net metering projects that came on line in 2018, only 9 (0.7%) were of a category that would be subject to this bill (a commercial system with level 3 review). What's more, only 4 of those 9 required PGE system upgrades. The rest were approved without additional system improvements.
- In short: Proponents of HB 3325 have stated they wish to promote additional transparency around interconnection, but this bill does not promote transparency or improve our top ranked net metering and interconnection rules.

We believe addressing complaints, solving disputes and discussing best practices on how to update net metering are important conversations to have. However, we believe they are best done at the OPUC, with all parties at the table, and where we are addressing industry-wide concerns.

Respectfully submitted,

Brendan J McCarthy
State Environmental Policy Manager
Portland General Electric