

Background and Need for Legislation

The Oregon Solar + Storage Rebate Program was established by the Oregon Department of Energy at the direction of HB 2618, which was passed by the Oregon State Legislature in 2019. The legislation called for the department to adopt a program to provide rebates for the purchase, construction, or installation of solar electric systems and paired solar and storage systems.

Program rebates are issued to participating contractors and are passed on to customers as a reduction in the price of the installed system. The legislature directed the department to make at least 25 percent of the rebate budget available for projects installed for low- and moderate-income residential customers and low-income service providers. Low-income service providers are a specific group of non-residential customers that provide services to individuals and households with low or moderate incomes.

The Oregon Solar + Storage Rebate Program advances Oregon energy policy by helping reduce the upfront costs associated with the purchase and installation of solar energy production and solar energy storage systems, as well as supporting the Oregon solar installer industry. The Legislature has directed \$17 million to this program, including \$10 million in June 2021 (HB 5006) and \$5 million in March 2022 (SB 5202). As of March 2, 2023, 4011 projects have either received or reserved rebates in 34 Oregon counties, a state investment of over \$13.1 million supporting over \$153 million in total project costs.

The legislature typically includes a sunset date for incentive programs in statute as a best practice to periodically revise or revisit those programs. HB 2618 included a sunset date of January 2, 2024. This means that the sunset must be lifted for the program to continue through the 2023-2025 budget period. Also, the current staffing for the program will no longer be funded as of July 1, 2023. In order for the current program budget for rebates to be expended and for the state to ensure monitoring and verification of project completion, at the very least, the program needs to be funded for staff positions through the sunset.

While the program has been successful, supply chain issues have led to a long wait time for battery storage. The current statute requires that both the PV system and battery storage must be in place for a rebate to be processed for a solar + storage project. This has left contractors and homeowners waiting for the rebate, sometimes for months, after already installing the PV system.

Proposed Solution

HB 3418 would extend the program sunset an additional five years and make the program's 2.5 full time positions permanent instead of limited duration. This would continue the program's success in meeting the legislature's goals of reducing the upfront costs of installing solar and storage systems and supporting the Oregon solar installer industry while also supporting recruitment and retention of agency staff. The draft legislative concept also includes a technical fix related to supply chain issues that will allow the agency to process rebates for solar PV first and then for storage later when those systems are purchased together.

Expected Fiscal Impact

The Oregon Solar + Storage Rebate Program is funded by the general fund, and administrative costs are currently 8 percent of the program total budget. Last year, ODOE recommended an additional \$10 million in General Fund for the next biennium.

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