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February 25, 2025

Senate Committee On Energy and Environment

RE: Renewable Energy Coalition Support for SB 92-2

Dear Committee Members:

The Renewable Energy Coalition is submitting this letter in support of Senate Bill (“SB”) 92-2. The Renewable Energy Coalition was established in 2009 and comprises nearly fifty members that are both small and large renewable energy generator facilities that purchase interconnection services from utilities, including many Oregon Community Solar Program projects. In total, the Renewable Energy Coalition’s members own and operate nearly seventy renewable energy generation facilities in Oregon, Idaho, Washington, Utah, Montana, and Wyoming.¹ The Renewable Energy Coalition is open to all renewable energy generation technologies. Membership is composed of irrigation districts, water districts, corporations, cooperatives, and individuals. Most of the Renewable Energy Coalition’s members operate existing projects that have been operating and selling to Oregon utilities for numerous years, but many others are developing or planning to develop new projects, primarily wind and solar.

Interconnection of a project to a utility’s electrical system is essential in developing energy projects. Without a reasonable, transparent, and functional process for interconnecting to a utility, which includes key steps such as studies, equipment requirements, cost estimates, agreements, and construction, interconnection customers are unable to progress in or complete the project development process in a timely and cost effective manner. Thus, interconnection

¹ More information about the Renewable Energy Coalition and its members is available at: <http://www.recoalition.com>.

can be a major impediment to developing renewable energy projects. Often the impediments might be more accurately described as purposeful “weaponization.” In Oregon, there have been numerous disputes over most of the previous listed interconnection elements. These include, but are not limited to, major delays in the interconnection study process, excessive interconnection requirements and costs, construction delays, and even delays in re-energization following wildfires. All of these problems have caused significant disputes in the form of Oregon Public Utility Commission complaints between interconnection customers and the utilities. These interconnection disputes extend and are especially related to Oregon’s Community Solar Program.

Resolution of interconnection problems and minimizing the need for formal complaints requires policy solutions. Investor-owned utilities earn a profit for their shareholders through a return on capital investments, including investment in generating resources, that is approved in Oregon by the Public Utility Commission and recovered on customer bills. Independently owned projects, including Community Solar Program projects, do not earn this return for investor-owned utilities. As a result, these utilities have an incentive to prevent development of independent projects. And because interconnection costs are paid for by the project developer, even the addition of facilities, which the utility normally will own, does not provide a basis for any return. The interconnection process, which is highly technical and utility-controlled, is one potential avenue for preventing third party development, often requiring constant pushback under very difficult circumstances. SB 92-2 would realign these incentives.

The damage is mounting for many Community Solar Program projects, including the risk of failure for some advanced projects, and the overall results are poor, embarrassing, and contrary to public policy. Nine years after SB 1547 (2016), only 25% of systems in PacifiCorp’s service territory are operational. The delays, excessive costs, and requirements associated with interconnection delays are harming not only the individual projects but the reputation and financials of the Community Solar Program, the Oregon Public Utility Commission, and Oregon policies which impact customer choice and access to locally-sited carbon-free renewable power. Additionally, these delays are harming customer subscribers, especially low-income customer subscribers, who have waited too long for the bill savings from the lower cost electrical energy. Thus, Oregon customer bills, including for those most vulnerable to the impacts of high energy bills, are higher because of interconnection problems. These and other harms should be remedied.

This situation also sends a negative message to other types of independent project developers and advocate entities such as the Renewable Energy Coalition. It is discouraging participation in renewable project development and advocacy due to mounting uncertainty of interconnection-based delays and excessive costs for all types of non-utility renewable projects. Oregon has become a difficult place to invest and construct new facilities, and interconnection difficulties are causing investment capital to leave the state. This is especially unfortunate at a time when these kinds of projects are necessary, valuable, and essential to meet Oregon’s small-scale renewable mandate and other broader goals from Oregon House Bill 2021 (2021).

SB 92-2 is a bill designed to address some of the interconnection issues, which will provide more clean energy options to Oregon communities, encourage renewable energy developers, and spur renewable energy job growth, while keeping electricity rates affordable for Oregonians.

For example, the bill allows the Community Solar project manager to hire third-party contractors to build the interconnection upgrades, which will give the project manager more control over the timing and cost of the interconnection. This will also hopefully lead to more Community Solar Program projects reaching Commercial Operation and allow customer subscribers to receive benefits of the Community Solar Program sooner. Many interconnection delays are also the result of the utilities' lack of resources and personnel. Thus, allowing project managers to hire third-party contractors will help speed up these interconnections and allow more projects to be built.

SB 92-2 also directs the Oregon Public Utility Commission to establish penalties for utilities for unreasonable delays in the interconnection process. Unlike state utility commissions in other states, I am not aware of the Oregon Public Utility Commission imposing fines or penalties on Oregon utilities, even for the most egregious actions. The risk of financial harm should encourage utilities to timely process interconnection requests. SB 92-2 would be more effective if it required the penalty structure to be commensurate with damages projects incur from utility tactics and required those costs to flow to the project managers as a remedy. Fines are available now to the Oregon Public Utility Commission, but are never used. The Oregon Public Utility Commission's current position is that it cannot order damages, which precludes it from providing complete remedies. However, requiring the penalties is a step in the right direction, and the Renewable Energy Coalition supports this aspect of SB 92-2.

The bill also directly allows a community solar project to add energy storage and be compensated for that energy storage. Solar-plus-storage can uniquely provide substantial value from a renewable resource in at least two manners. First, at a time of regional capacity concerns, solar-plus-storage can provide much needed capacity in critical peak times. Second, incorporating storage into solar facilities can add that valuable capacity benefit with efficient use of increasingly scarce interconnection and transmission capacity by enabling solar resources to have a higher capacity factor. Thus, the Community Solar Program should be encouraging the development of solar-plus-storage projects, which this bill will do.

Interconnection delays are an increasing barrier to development of renewable energy projects, including Oregon's Community Solar Program projects. SB 92-2 is an important step towards addressing these interconnection delay issues by allowing project managers to hire third-party contractors and imposing penalties on utilities for unreasonable delays. The bill also will allow community solar projects to add energy storage and be compensated for the added benefits from storage, which has not been successfully implemented by the Oregon Public Utility Commission.

The Renewable Energy Coalition respectfully requests your support of SB 92-2.

Sincerely,



John R. Lowe
Executive Director