

B-Engrossed House Bill 4037

Ordered by the House February 24
Including House Amendments dated February 5 and February 24

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Energy and Environment)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Oregon Business Development Department to establish program to incentivize generation of electricity derived from solar energy. Establishes Solar Incentivization Fund for purposes of program. Directs department to make monthly payments from fund to owner or operator of solar photovoltaic energy system included in program for five years in amount that equals one-half cent per kilowatt hour of electricity generated. Closes program to new applicants on January 2, 2017, or on date on which all solar photovoltaic energy systems included in program have cumulative nameplate capacity of 150 megawatts, whichever occurs earlier.

Sunset January 2, 2023.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to solar energy; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) As used in this section:**

5 (a) **"Investor-owned utility" means an investor-owned utility, as defined in ORS 469.631,**
6 **that distributes electricity.**

7 (b) **"Nameplate capacity" means the maximum rated output of a generator, inverter or**
8 **other electric power production equipment measured in alternating current under specific**
9 **conditions designated by the manufacturer of the equipment.**

10 (c) **"Publicly owned utility" has the meaning given that term in ORS 469.649.**

11 (d) **"Solar photovoltaic energy system" means equipment and devices that have the pri-**
12 **mary purpose of collecting solar energy and generating electricity by photovoltaic effect.**

13 (2) **The Oregon Business Development Department shall establish a program to**
14 **incentivize the generation of electricity derived from solar energy. In establishing the pro-**
15 **gram, the department shall:**

16 (a) **Prescribe the form and manner by which the owner or operator of a solar**
17 **photovoltaic energy system may apply to participate in the program;**

18 (b) **Require an owner or operator of a solar photovoltaic energy system applying to par-**
19 **ticipate in the program to submit a plan to complete construction of the solar photovoltaic**
20 **energy system and begin to generate electricity within one year after being enrolled in the**
21 **program;**

22 (c) **Enroll in the program applicants that own or operate solar photovoltaic energy sys-**
23 **tems qualified to be included in the program;**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (d) Limit the cumulative nameplate capacity of solar photovoltaic energy systems in-
2 cluded in the program that are owned or operated by a single program enrollee, and any
3 business affiliated with the program enrollee, to 35 megawatts; and

4 (e) Close the program to new applicants on the earlier of the following dates:

5 (A) The date on which all solar photovoltaic energy systems included in the program have
6 a cumulative nameplate capacity of 150 megawatts; or

7 (B) January 2, 2017.

8 (3)(a) To participate in the program, an owner or operator of a solar photovoltaic energy
9 system must demonstrate to the satisfaction of the department that the solar photovoltaic
10 energy system is qualified to be included in the program. A solar photovoltaic energy system
11 is qualified to be included in the program if the solar photovoltaic energy system:

12 (A) Is located in this state;

13 (B) Has a nameplate capacity of at least two megawatts;

14 (C) Has a nameplate capacity of no more than 10 megawatts;

15 (D) Has a commercial operations date, as specified in a power purchase agreement, of
16 January 1, 2016, or later;

17 (E) Is either directly connected to the electrical system of an investor-owned utility or
18 publicly owned utility, or is indirectly connected to the electrical system of an investor-
19 owned utility or publicly owned utility in a manner that the department determines is ac-
20 ceptable for program enrollees;

21 (F) Has a meter or other device that monitors and measures the quantity of energy
22 generated by the solar photovoltaic energy system; and

23 (G) Meets any other siting, design, interconnection, installation and electric output
24 standards required by the laws of this state.

25 (b) An investor-owned utility or a publicly owned utility that owns a qualified solar
26 photovoltaic energy system is eligible to participate in the program.

27 (4)(a) Subject to paragraphs (b) and (c) of this subsection, for the purpose of incentivizing
28 the generation of electricity derived from solar energy, the department shall make a monthly
29 payment to a program enrollee for a solar photovoltaic energy system that generates elec-
30 tricity for an amount that equals one-half cent per kilowatt hour of electricity generated by
31 the solar photovoltaic energy system during the preceding month. Payments shall continue
32 for five years after the date on which the department makes the initial payment to the pro-
33 gram enrollee for energy generated by the solar photovoltaic energy system.

34 (b) Beginning one year after a program enrollee is enrolled in the program, for each
35 month that the program enrollee's solar photovoltaic energy system does not generate elec-
36 tricity, the department shall reduce by one month the number of monthly payments other-
37 wise required to be paid to the program enrollee under paragraph (a) of this subsection for
38 that solar photovoltaic energy system.

39 (c) If by two years after a program enrollee is enrolled in the program the program
40 enrollee's solar photovoltaic energy system has not generated electricity, the department
41 shall remove the solar photovoltaic energy system from the program established under this
42 section and the program enrollee may not receive any payments otherwise required to be
43 paid to the program enrollee under paragraph (a) of this subsection for that solar
44 photovoltaic energy system.

45 (5) Before enrolling an applicant as described in subsection (2)(c) of this section, the

1 **Oregon Business Development Department shall:**

2 (a) **Consult with the State Department of Energy to ensure that:**

3 (A) **A proposed solar photovoltaic energy system is qualified as described in subsection**
4 **(3) of this section; and**

5 (B) **The solar photovoltaic energy system, if not generating electricity on the date of**
6 **application, is likely to begin generating electricity no later than one year after the date on**
7 **which the owner or operator of the solar photovoltaic energy system applies to be included**
8 **in the program; and**

9 (b) **If applicable, consult with the Public Utility Commission to ensure that the costs as-**
10 **sociated with a solar photovoltaic energy system will be recoverable pursuant to a schedule**
11 **submitted to and approved by the commission in accordance with ORS 757.205 and 757.210**
12 **or pursuant to other applicable provisions of law providing for the recovery of costs borne**
13 **by investor-owned utilities.**

14 (6) **The owner of a solar photovoltaic energy system included in the program established**
15 **under this section:**

16 (a) **Also owns all renewable energy certificates established under ORS 469A.130 that are**
17 **associated with the generation of electricity by the solar photovoltaic energy system; and**

18 (b) **Is not eligible to receive funds under ORS 757.612 (3)(b)(B) unless the funds are re-**
19 **ceived pursuant to an agreement entered into before the effective date of this 2016 Act.**

20 (7) **The Oregon Business Development Department may adopt rules to implement this**
21 **section.**

22 (8) **The department shall submit a report on implementing this section in the manner**
23 **provided by ORS 192.245 to an interim committee of the Legislative Assembly related to en-**
24 **ergy no later than September 15 of each odd-numbered year.**

25 **SECTION 2. (1) There is established the Solar Incentivization Fund, separate and distinct**
26 **from the General Fund. Interest earned by the Solar Incentivization Fund shall be credited**
27 **to the fund.**

28 (2) **Moneys in the fund are continuously appropriated to the Oregon Business Develop-**
29 **ment Department for the purposes of the program described in section 1 of this 2016 Act.**

30 (3) **The department may accept from any source any grant, donation or gift of moneys**
31 **for deposit in the fund.**

32 **SECTION 3. (1) Sections 1 and 2 of this 2016 Act are repealed on January 2, 2023.**

33 (2) **Any moneys remaining in the Solar Incentivization Fund on the date of the repeal of**
34 **section 2 of this 2016 Act must be transferred from the Solar Incentivization Fund to the**
35 **General Fund to be available for general governmental purposes.**

36 **SECTION 4. In addition to and not in lieu of any other appropriation, there is appropri-**
37 **ated to the Oregon Business Development Department, for the biennium beginning July 1,**
38 **2015, out of the General Fund, the amount of \$951,561, for the purpose of carrying out the**
39 **provisions of section 1 of this 2016 Act.**

40 **SECTION 5. This 2016 Act being necessary for the immediate preservation of the public**
41 **peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect**
42 **on its passage.**

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