

A-Engrossed
Senate Bill 1572

Ordered by the Senate February 12
Including Senate Amendments dated February 12

Sponsored by Senator BEYER, Representative HOLVEY (Pre-session filed.)

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 Public Utility Commission to establish program for procurement of electricity from community solar projects. Sets forth guidelines for program implementation and qualifications for community solar projects.

Directs commission, on or before January 1, 2019, to report on implementation of program to interim committees of Legislative Assembly related to business and energy.

A BILL FOR AN ACT

1
2 Relating to utility regulation.

3 Whereas renewable energy procurement programs should provide fair access to Oregon house-
4 holds and small businesses that do not have the ability to install solar photovoltaic energy systems
5 on their property; and

6 Whereas renewable energy procurement programs should shift minimal costs onto Oregon
7 ratepayers; and

8 Whereas renewable energy procurement programs should be designed for easy and efficient ad-
9 ministration; and

10 Whereas renewable energy procurement programs should allow for adaptation as administering
11 agencies and stakeholders gain experience; now, therefore,

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

13 **SECTION 1. (1) For purposes of this section:**

14 (a) **“Community solar project” means one or more solar photovoltaic energy systems that**
15 **provide owners and subscribers the opportunity to share the costs and benefits associated**
16 **with the generation of electricity by the solar photovoltaic energy systems.**

17 (b) **“Electric company” has the meaning given that term in ORS 757.600.**

18 (c) **“Owner” means a customer of an electric company or a project manager that has**
19 **proportionate ownership of part of a community solar project, such as direct ownership of**
20 **one or more solar panels or shared ownership of the infrastructure of the community solar**
21 **project.**

22 (d) **“Project manager” means the entity identified as having responsibility for owning or**
23 **for managing the operation of a community solar project and, if applicable, for maintaining**
24 **contact with the electric company that procures electricity from the community solar**
25 **project. A project manager may be:**

26 (A) **An electric company; or**

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 (B) An independent third party.

2 (e) "Solar photovoltaic energy system" means equipment and devices that have the pri-
3 mary purpose of collecting solar energy and generating electricity by photovoltaic effect.

4 (f) "Subscriber" means a customer of an electric company who proportionately leases or
5 has an interest in part of a community solar project for a minimum term established by the
6 Public Utility Commission by rule.

7 (g) "Unsubscribed electricity" means any electricity generated by a community solar
8 project that is not allocated to a subscriber or an owner.

9 (2)(a) The commission shall establish by rule a program for the procurement of electric-
10 ity from community solar projects. As part of the program, the commission shall:

11 (A) Adopt rules prescribing what qualifies a community solar project to participate in the
12 program;

13 (B) Certify qualified community solar projects for participation in the program;

14 (C) Prescribe the form and manner by which project managers may apply for certification
15 under the program; and

16 (D) Require, by rule or order, electric companies to enter into a 20-year power purchase
17 agreement with a certified community solar project.

18 (b) The commission shall adopt rules under paragraph (a)(A) of this subsection that, at
19 a minimum:

20 (A) Incentivize consumers of electricity to be owners or subscribers;

21 (B) Minimize the shifting of costs from the program to ratepayers who do not own or
22 subscribe to a community solar project;

23 (C) Where an electric company is the project manager, protect owners and subscribers
24 from undue financial hardship; and

25 (D) Protect the public interest.

26 (3) A community solar project:

27 (a) Must have at least one solar photovoltaic energy system with a minimum generating
28 capacity of 25 kilowatts;

29 (b) Must be located in this state; and

30 (c) May be located anywhere in this state.

31 (4) A project manager may offer ownership in or subscriptions to a community solar
32 project only to consumers of electricity that are located:

33 (a) In this state; and

34 (b) In the service territory of an electric company.

35 (5)(a) A project manager may offer proportional ownership in or proportional sub-
36 scriptions to a community solar project in any amount that does not exceed a potential
37 owner's or potential subscriber's average annual consumption of electricity.

38 (b) Any value associated with the generation of electricity in excess of an offer to own
39 or subscribe to a community solar project as limited by paragraph (a) of this subsection must
40 be used by the electric company procuring electricity from the community solar project in
41 support of low-income residential customers of the electric company.

42 (c) A project manager must be compensated by the electric company with whom the
43 manager has entered into a power purchase agreement pursuant to subsection (2)(a)(D) of
44 this section for any unsubscribed electricity at a rate established by the commission.

45 (6)(a) Except as provided in paragraph (b) of this subsection, an electric company shall

1 credit an owner's or subscriber's electric bill for the amount of electricity generated by a
2 community solar project for the owner or subscriber in a manner that reflects the resource
3 value of solar energy. For purposes of this paragraph, the commission shall determine the
4 resource value of solar energy.

5 (b) The commission may adopt a rate for an electric company to use in crediting a
6 subscriber's electric bill other than the rate described in paragraph (a) of this subsection if
7 the commission has good cause to adopt the different rate.

8 (7)(a) Except as otherwise provided for in this section, owners and subscribers shall bear
9 the costs and benefits of constructing and operating a community solar project.

10 (b) Costs incurred by an electric company under the terms of a power purchase agree-
11 ment entered into pursuant to subsection (2)(a)(D) of this section are recoverable in the
12 rates of the electric company. Moneys collected pursuant to imposing those rates, under the
13 terms of a power purchase agreement entered into pursuant to subsection (2)(a)(D) of this
14 section, may be transferred to a project manager for the purpose of operating a community
15 solar project.

16 (c) All start-up costs prudently incurred during the development or modification of the
17 program established under this section are recoverable in the rates of an electric company.

18 (d) Owners and subscribers shall bear all ongoing costs incurred by a project manager
19 during the continued administration of the program established under this section.

20 (8) Owners and subscribers own all renewable energy certificates established under ORS
21 469A.130 that are associated with the generation of electricity by a community solar project,
22 in proportion to the owner's proportional ownership in or the subscriber's proportional sub-
23 scription to the community solar project.

24 (9) All electricity procured by an electric company pursuant to a power purchase agree-
25 ment entered into pursuant to subsection (2)(a)(D) of this section may be used to comply
26 with the renewable portfolio standard described in ORS 469A.052.

27 **SECTION 2.** On or before January 1, 2019, the Public Utility Commission shall report on
28 the implementation of section 1 of this 2016 Act to the interim committees of the Legislative
29 Assembly related to business and energy. As part of the report, the commission may make
30 recommendations for legislation. The commission shall submit the report in the manner re-
31 quired by ORS 192.245.

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