

A-Engrossed
House Bill 2632

Ordered by the House March 27
Including House Amendments dated March 27

Sponsored by Representative BENTZ, Senator ROBLAN; Representatives GILLIAM, HUFFMAN, READ, VEGA PEDERSON, Senator DEMBROW (Presession 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 Oregon Department of Administrative Services to establish program to incentivize generation of electricity derived from solar energy.

Establishes Solar Incentivization Fund for purposes of program. Directs department to make payments from fund to owners of qualified solar photovoltaic energy systems.

Specifies that program closes to new applicants on January 2, 2022.

Sunsets program on January 2, 2029.

A BILL FOR AN ACT

1
2 Relating to solar energy.

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 or other**
8 **electric power production equipment under specific conditions designated by the manufac-**
9 **turer 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 Department of Administrative Services shall establish a program to**
14 **incentivize the generation of electricity derived from solar energy. As part of the program,**
15 **the department shall:**

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

18 (b) **Identify solar photovoltaic energy systems that are qualified to be included in the**
19 **program; and**

20 (c) **Enter into contracts with owners or operators of solar photovoltaic energy systems**
21 **for the purpose of purchasing renewable energy certificates established under ORS 469A.130**
22 **that are associated with the generation of electricity by solar photovoltaic energy systems.**

23 (3)(a) **To participate in the program, an owner or operator of a solar photovoltaic energy**
24 **system must demonstrate to the satisfaction of the department that the solar photovoltaic**
25 **energy system is qualified to be included in the program. A solar photovoltaic energy system**

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 is qualified to be included in the program if the solar photovoltaic energy system:

2 (A) Is located in this state;

3 (B) Has a nameplate capacity of two or more megawatts;

4 (C) Is either directly connected to the electrical system of an investor-owned utility or
5 publicly owned utility, or is indirectly connected to the electrical system of an investor-
6 owned utility or publicly owned utility in a manner that the department determines is ac-
7 ceptable for program participants;

8 (D) Has a meter or other device that monitors and measures the quantity of energy
9 generated by the solar photovoltaic energy system; and

10 (E) Meets any other siting, design, interconnection, installation and electric output
11 standards required by the laws of this state.

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

14 (4)(a) The department shall establish by rule a payment schedule for the purpose of
15 making payments pursuant to contracts described in subsection (2)(c) of this section.

16 (b) Subject to moneys available for the purposes of this section, the payment schedule
17 must be in the following amounts:

18 (A) For a solar photovoltaic energy system with a nameplate capacity of 10 megawatts
19 or less:

20 (i) Two cents per kilowatt hour for those geographic zones of this state that the depart-
21 ment determines would allow for the production of a high volume of solar energy; and

22 (ii) Three cents per kilowatt hour for those geographic zones of this state that the de-
23 partment determines would allow for the production of a low volume of solar energy.

24 (B) For a solar photovoltaic energy system with a nameplate capacity of 45 megawatts:

25 (i) One cent per kilowatt hour for those geographic zones of this state that the depart-
26 ment determines would allow for the production of a high volume of solar energy; and

27 (ii) Two cents per kilowatt hour for those geographic zones of this state that the de-
28 partment determines would allow for the production of a low volume of solar energy.

29 (C) For a solar photovoltaic energy system with a nameplate capacity of more than 10
30 megawatts and less than 45 megawatts:

31 (i) In those geographic zones of this state that the department determines would allow
32 for the production of a high volume of solar energy, an amount between two cents per kilo-
33 watt hour and one cent per kilowatt hour that is proportional to the nameplate capacity of
34 the solar photovoltaic energy system, as determined by the department in consideration of
35 the rates set forth in subparagraphs (A)(i) and (B)(i) of this paragraph; and

36 (ii) In those geographic zones of this state that the department determines would allow
37 for the production of a low volume of solar energy, an amount between three cents per
38 kilowatt hour and two cents per kilowatt hour that is proportional to the nameplate capacity
39 of the solar photovoltaic energy system, as determined by the department in consideration
40 of the rates set forth in subparagraphs (A)(ii) and (B)(ii) of this paragraph.

41 (5) The department may make payments to a program participant under this section for
42 no more than seven years after the date on which the department makes an initial payment
43 to the program participant.

44 (6) Before entering into a contract described in subsection (2)(c) of this section, the de-
45 partment shall:

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

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

4 (B) The solar photovoltaic energy system is likely to generate electricity no later than
5 one year after the date on which the Oregon Department of Administrative Services and the
6 owner or operator of the solar photovoltaic energy system enter into the contract; and

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

12 (7) A solar photovoltaic energy system owned by a program participant is not eligible to
13 receive funds under ORS 757.612 (3)(b)(B) unless the program participant receives funds un-
14 der ORS 757.612 (3)(b)(B) pursuant to an agreement entered into before the effective date of
15 this 2015 Act.

16 (8) The Oregon Department of Administrative Services may adopt rules to implement this
17 section.

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

21 **SECTION 2.** The Oregon Department of Administrative Services shall:

22 (1) Close the program described in section 1 of this 2015 Act to new applicants on January
23 2, 2022; and

24 (2) Reduce the amounts described in section 1 (4) of this 2015 Act as follows:

25 (a) For contracts entered into on or after January 2, 2017, the payment schedule must
26 be for amounts that are 90 percent of the amounts described in section 1 (4) of this 2015 Act;

27 (b) For contracts entered into on or after January 2, 2018, the payment schedule must
28 be for amounts that are 80 percent of the amounts described in section 1 (4) of this 2015 Act;

29 (c) For contracts entered into on or after January 2, 2019, the payment schedule must
30 be for amounts that are 70 percent of the amounts described in section 1 (4) of this 2015 Act;

31 (d) For contracts entered into on or after January 2, 2020, the payment schedule must
32 be for amounts that are 60 percent of the amounts described in section 1 (4) of this 2015 Act;

33 and

34 (e) For contracts entered into on or after January 2, 2021, the payment schedule must
35 be for amounts that are 50 percent of the amounts described in section 1 (4) of this 2015 Act.

36 **SECTION 3.** (1) There is established the Solar Incentivization Fund, separate and distinct
37 from the General Fund. Interest earned by the Solar Incentivization Fund shall be credited
38 to the fund.

39 (2) Moneys in the Solar Incentivization Fund are continuously appropriated to the Oregon
40 Department of Administrative Services for the purposes of the program described in section
41 1 of this 2015 Act.

42 (3) The department may accept from any source any grant, donation or gift of moneys
43 for deposit in the Solar Incentivization Fund.

44 **SECTION 4.** (1) Sections 1 to 3 of this 2015 Act are repealed on January 2, 2029.

45 (2) Any moneys remaining in the Solar Incentivization Fund on the date of the repeal of

1 **section 3 of this 2015 Act shall be transferred from the Solar Incentivization Fund to the**
2 **General Fund to be available for general governmental purposes.**

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