

House Bill 2941

Sponsored by Representative HOLVEY

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 **as introduced**.

Establishes qualifications for community solar gardens and organizations of persons that have interest in electricity generated by community solar gardens.

Directs Public Utility Commission to establish for electric companies requirements related to procurement of electricity generated by community solar gardens. Limits amount that commission may require to be procured for first three years of program.

Directs electric companies to credit accounts of retail customers that have interest in electricity generated by community solar gardens.

Becomes operative January 1, 2016.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1 Relating to solar energy; and declaring an emergency.

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

SECTION 1. Definitions. As used in sections 1 to 8 of this 2015 Act:

4 (1) "Community solar garden" means a facility that uses solar power to generate elec-
5 tricity for a subscriber organization established in accordance with section 3 of this 2015 Act.

7 (2) "Electric company" means an electric company, as defined in ORS 757.600, that makes
8 sales of electricity to retail electricity consumers in an amount that equals three percent
9 or more of all electricity sold by all electric companies to all retail electricity consumers.

11 (3) "Generating capacity" means the maximum rated output of a community solar garden
12 as determined by aggregating the nameplate capacity, as defined in ORS 757.360, of each
13 generator of electricity that is comprised in the community solar garden.

14 (4) "Retail electricity consumer" means a retail electricity consumer, as defined in ORS
15 757.600, that is located in this state.

16 (5) "Subscriber" means a retail customer of an electric company that owns a sub-
17 scription.

18 (6) "Subscription" means an interest in the electricity generated by a community solar
19 garden.

20 **SECTION 2. Community solar gardens.** (1) For a subscriber to receive credit under sec-
21 tion 6 of this 2015 Act for electricity generated by a community solar garden, the community
22 solar garden must:

23 (a) Have a generating capacity of two megawatts or less;

24 (b) Be connected to an electric company's electricity distribution system using a pro-
25 duction meter capable of registering the flow of electricity into the electric company's elec-
26 tricity distribution system; and

27 (c) Generate electricity for 10 or more subscribers.

(2) A community solar garden may be owned by an electric company or any other for-

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 profit or nonprofit organization, including a subscriber organization established in accord-
2 ance with section 3 of this 2015 Act.

3 (3) The owner of a community solar garden is not a public utility subject to regulation
4 by the Public Utility Commission under ORS chapter 757.

5 **SECTION 3. Subscriber organizations.** (1) For a subscriber to receive credit under section
6 6 of this 2015 Act for electricity generated by a community solar garden, the subscriber must
7 belong to a subscriber organization that:

8 (a) Owns a community solar garden; or

9 (b) Enters into a contract with the owner of a community solar garden under the terms
10 of which the owner operates the community solar garden on behalf of the subscriber organ-
11 ization.

12 (2) The Public Utility Commission shall adopt rules establishing criteria by which a sub-
13 scriber organization may own a community solar garden or enter into a contract as de-
14 scribed in subsection (1) of this section. At a minimum, rules adopted under this subsection
15 must:

16 (a) Prohibit a subscriber organization from participating in activities that are not related
17 to the ownership or operation of a community solar garden;

18 (b) Establish the minimum amount of capital required to own a community solar garden;
19 and

20 (c) Allow a subscriber organization to enter into a lease, a sale and leaseback trans-
21 action, an operating agreement or any other arrangement that the commission determines
22 is acceptable, under the terms of which the owner of a community solar garden operates the
23 community solar garden on behalf of the subscriber organization.

24 (3) Each subscriber that belongs to a subscriber organization must have at least one
25 address to which the owner of the community solar garden assigns a subscription. An ad-
26 dress to which a subscription is assigned must:

27 (a) Be located within the municipality or the county in which the community solar gar-
28 den is located, except that the address may be located in a county adjacent to the county in
29 which the community solar garden is located if each county has a population of 20,000 or
30 fewer individuals; and

31 (b) Be located within the service territory of the electric company whose electricity dis-
32 tribution system the community solar garden is connected to.

33 (4) A subscription assigned under subsection (3) of this section:

34 (a) Must be for at least one kilowatt of the generating capacity of the community solar
35 garden; and

36 (b) May not be for an amount of the generating capacity of the community solar garden
37 that would generate more than 120 percent of the average annual electricity consumption
38 at the address to which the subscription is assigned.

39 (5) A subscriber may change the address to which a subscription is assigned under this
40 section if:

41 (a) The subscriber informs the owner of the community solar garden of the change in
42 address within a reasonable amount of time, as determined by the commission by rule;

43 (b) The new address meets the requirements described in subsection (3) of this section;
44 and

45 (c) The subscription is adjusted to meet the requirement of subsection (4)(b) of this sec-

1 tion.

2 (6) A subscriber may transfer a subscription to:

3 (a) The subscriber organization to which the subscriber belongs; or

4 (b) Another subscriber that belongs to the subscriber organization to which the sub-
5 scriber belongs.

6 **SECTION 4. Procurement of electricity generated by community solar gardens.** (1) On
7 or before July 1, 2016, the Public Utility Commission shall establish by rule or order the
8 amount of electricity, not to exceed six megawatts of generating capacity, that each electric
9 company must procure from one or more community solar gardens. The commission may
10 modify the amount of electricity established under this subsection at any time that the
11 commission determines modification is necessary.

12 (2) On or before January 1, 2017, each electric company shall submit to the commission
13 a proposal for the procurement of electricity from one or more community solar gardens.
14 The proposal must:

15 (a) Be submitted in a form and manner prescribed by the commission;

16 (b) Provide a detailed explanation of how the electric company will procure electricity in
17 the amount required under subsection (1) of this section;

18 (c) Include the purchase of electricity from one or more community solar gardens not
19 owned by the electric company that each have a generating capacity of 500 kilowatts or less;
20 and

21 (d) Provide a detailed explanation of how the electric company's proposal will encourage:

22 (A) Ownership of subscriptions by residential retail customers of the electric company;

23 (B) Development of community solar gardens that do not significantly increase the rates
24 paid by retail electricity consumers; and

25 (C) The successful financing of community solar gardens owned by subscriber organiza-
26 tions established in accordance with section 3 of this 2015 Act.

27 (3) An electric company may not procure electricity from a community solar garden un-
28 less the community solar garden is located in the service territory of the electric company.

29 (4) The commission shall determine whether a proposal submitted under this section
30 meets the requirements of this section and rules adopted under or orders issued pursuant
31 to this section. Upon making a determination under this subsection, the commission shall
32 approve the proposal or require the electric company to amend and resubmit the proposal.

33 (5) All prudently incurred costs associated with complying with this section are recover-
34 able in the rates of an electric company.

35 (6) On or before December 31, 2018, an electric company shall procure electricity as re-
36 quired by subsection (1) of this section.

37 **SECTION 5.** Section 4 of this 2015 Act is amended to read:

38 **Sec. 4.** (1) [On or before July 1, 2016,] The Public Utility Commission shall establish by rule or
39 order the amount of electricity[, not to exceed six megawatts of generating capacity,] that each elec-
40 tric company must procure from one or more community solar gardens. The commission may modify
41 the amount of electricity established under this subsection at any time that the commission deter-
42 mines modification is necessary.

43 (2) On or before [January 1, 2017,] **an annual submission date prescribed by the commission**
44 each electric company shall submit to the commission a proposal for the procurement of electricity
45 from one or more community solar gardens. The proposal must:

1 (a) Be submitted in a form and manner prescribed by the commission;

2 (b) Provide a detailed explanation of how the electric company will procure electricity in the
3 amount required under subsection (1) of this section;

4 (c) Include the purchase of electricity, **in an amount prescribed by the commission by rule**
5 **or order**, from *[one or more]* community solar gardens not owned by the electric company that each
6 have a generating capacity of 500 kilowatts or less; and

7 (d) Provide a detailed explanation of how the electric company's proposal will encourage:

8 (A) Ownership of subscriptions by residential retail customers of the electric company;

9 (B) Development of community solar gardens that do not significantly increase the rates paid
10 by retail electricity consumers; and

11 (C) The successful financing of community solar gardens owned by subscriber organizations es-
12 tablished in accordance with section 3 of this 2015 Act.

13 (3) An electric company may not procure electricity from a community solar garden unless the
14 community solar garden is located in the service territory of the electric company.

15 (4) The commission shall determine whether a proposal submitted under this section meets the
16 requirements of this section and rules adopted under or orders issued pursuant to this section. Upon
17 making a determination under this subsection, the commission shall approve the proposal or require
18 the electric company to amend and resubmit the proposal.

19 (5) All prudently incurred costs associated with complying with this section are recoverable in
20 the rates of an electric company.

21 *[(6) On or before December 31, 2018, an electric company shall procure electricity as required by*
22 *subsection (1) of this section.]*

23 **SECTION 6. Credit for electricity generated by a community solar garden.** (1)(a) **For each**
24 **billing period, an electric company shall credit the account of a retail customer of the elec-**
25 **tric company if the account is associated with an address to which the owner of a community**
26 **solar garden has assigned a subscription under section 3 of this 2015 Act. The credit shall**
27 **be calculated by offsetting the amount of electricity generated for the subscriber by the**
28 **community solar garden against the electric company's retail rate for the retail customer**
29 **for the billing period, including any amount owed pursuant to the imposition of a tariff. For**
30 **purposes of this paragraph, a retail rate must be calculated as an amount charged per kilo-**
31 **watt hour.**

32 (b) **An electric company may deduct from the amount of a credit calculated under this**
33 **subsection a fee that is reasonably calculated to pay the cost of complying with this section.**

34 (2) **Any amount credited to an account under subsection (1) of this section in excess of**
35 **the amount owed by the retail customer to the electric company for the billing period must**
36 **be carried forward and credited to the account during subsequent billing periods, except that**
37 **for billing periods ending in March of each year, or on any other date agreed to by the elec-**
38 **tric company and the retail customer, any remaining unused credit accumulated during the**
39 **previous year must be distributed by the electric company to customers enrolled in the**
40 **electric company's low-income assistance programs.**

41 (3)(a) **If the owner of a community solar garden is not an electric company, the owner**
42 **shall provide the electric company whose electricity distribution system the community solar**
43 **garden is connected to with the following information as part of any agreement between the**
44 **owner and the electric company for the procurement of electricity generated by the com-**
45 **munity solar garden:**

1 (A) Data related to electricity generation by the community solar garden that is required
2 by the electric company to ensure the effective operation of the electric company's electric-
3 ity distribution system;

4 (B) Every address to which the owner assigned a subscription under section 3 of this 2015
5 Act;

6 (C) The amount of electricity generated by the community solar garden for each sub-
7 scriber; and

8 (D) Any amount of electricity generated by the community solar garden for which a
9 subscription has not been issued.

10 (b) Information provided under this subsection must be provided:

11 (A) At least once each month on a day agreed to by the electric company and the owner
12 of the community solar garden; and

13 (B) In a form and manner agreed to by the electric company and the owner of the com-
14 munity solar garden.

15 **SECTION 7. Other payments.** (1) If the owner of a community solar garden is not an
16 electric company and the community solar garden generates electricity for which a sub-
17 scription has not been issued, an electric company that has entered into an agreement with
18 the owner for the procurement of electricity shall purchase the electricity for which a sub-
19 scription has not been issued at a rate equal to the electric company's average hourly in-
20 cremental cost of electricity for the immediately preceding calendar year.

21 (2) If the owner of a community solar garden is not an electric company, an electric
22 company that has entered into an agreement with the owner for the procurement of elec-
23 tricity generated by the solar garden shall:

24 (a) Purchase any renewable energy certificates associated with the generation of the
25 electricity for a price agreed to by the electric company and the owner; or

26 (b) Otherwise dispose of any renewable energy certificates associated with the generation
27 of the electricity in a manner agreed to by the electric company and the owner.

28 **SECTION 8. Rules.** The Public Utility Commission shall adopt rules necessary to imple-
29 ment sections 1 to 8 of this 2015 Act.

30 **SECTION 9. Operative date.** (1) Sections 1, 2, 3, 4, 6, 7 and 8 of this 2015 Act become op-
31 erative on January 1, 2016.

32 (2) The Public Utility Commission may take any action before the operative date specified
33 in subsection (1) of this section that is necessary to enable the commission to exercise, on
34 and after the operative date specified in subsection (1) of this section, all the duties, func-
35 tions and powers conferred on the commission by sections 1, 2, 3, 4, 6, 7 and 8 of this 2015
36 Act.

37 **SECTION 10. Subsequent operative date.** The amendments to section 4 of this 2015 Act
38 by section 5 of this 2015 Act become operative on January 1, 2019.

39 **SECTION 11. Section captions.** The section captions used in this 2015 Act are provided
40 only for the convenience of the reader and do not become part of the statutory law of this
41 state or express any legislative intent in the enactment of this 2015 Act.

42 **SECTION 12. Emergency clause.** This 2015 Act being necessary for the immediate pres-
43 ervation of the public peace, health and safety, an emergency is declared to exist, and this
44 2015 Act takes effect on its passage.