

# DRAFT

## SUMMARY

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

Relating to utility regulation.

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

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

Whereas renewable energy procurement programs should be designed for easy and efficient administration; and

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

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

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

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

1 (b) “Electric company” has the meaning given that term in ORS  
2 757.600.

3 (c) “Owner” means a customer of an electric company who has  
4 proportionate ownership of part of a community solar project, such  
5 as direct ownership of one or more solar panels or shared ownership  
6 of the infrastructure of the community solar project.

7 (d) “Project manager” means the entity identified as having re-  
8 sponsibility for managing the operation of a community solar project  
9 and, if applicable, for maintaining contact with the electric company  
10 that procures electricity from the community solar project. A project  
11 manager may be:

12 (A) An electric company; or

13 (B) An independent third party.

14 (e) “Solar photovoltaic energy system” means equipment and de-  
15 vices that have the primary purpose of collecting solar energy and  
16 generating electricity by photovoltaic effect.

17 (f) “Subscriber” means a customer of an electric company who  
18 proportionately leases part of a community solar project for a mini-  
19 mum of 10 years.

20 (2)(a) The Public Utility Commission shall establish by rule a pro-  
21 gram for the procurement of electricity from community solar  
22 projects. As part of the program, the commission shall:

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

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

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

29 (D) Require, by rule or order, electric companies to enter into a  
30 20-year power purchase agreement with a certified community solar  
31 project.

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

3       **(A) Incentivize residential and small commercial consumers of**  
4 **electricity that do not have the ability to install solar photovoltaic**  
5 **energy systems on their property to be owners or subscribers;**

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

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

10       **(D) Protect the public interest.**

11       **(3) A community solar project:**

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

14       **(b) Must be located in this state; and**

15       **(c) May be located anywhere in this state.**

16       **(4) A project manager may offer ownership in or subscriptions to a**  
17 **community solar project only to consumers of electricity that are lo-**  
18 **cated:**

19       **(a) In this state; and**

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

21       **(5)(a) A project manager may offer proportional ownership in or**  
22 **proportional subscriptions to a community solar project in any**  
23 **amount that does not exceed a potential owner's or potential**  
24 **subscriber's average annual consumption of electricity.**

25       **(b) Any value associated with the generation of electricity in excess**  
26 **of an offer to own or subscribe to a community solar project as limited**  
27 **by paragraph (a) of this subsection must be used by the electric com-**  
28 **pany procuring electricity from the community solar project in sup-**  
29 **port of low-income residential customers of the electric company.**

30       **(6)(a) Except as provided in paragraph (b) of this subsection, an**  
31 **electric company shall credit an owner's or subscriber's electric bill**

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

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

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

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

19 (c) All start-up costs prudently incurred during the development or  
20 modification of the program established under this section are recov-  
21 erable in the rates of an electric company.

22 (d) Owners and subscribers shall bear all ongoing costs incurred  
23 during the continued administration of the program established under  
24 this section.

25 (8) Owners and subscribers own all renewable energy certificates  
26 established under ORS 469A.130 that are associated with the generation  
27 of electricity by a community solar project, in proportion to the  
28 owner's proportional ownership in or the subscriber's proportional  
29 subscription to the community solar project.

30 (9) As part of the program established under this section, the com-  
31 mission shall:

- 1       **(a) Identify low-income residential customers of electric companies;**  
2       **(b) Determine a methodology by which 15 percent of the total gen-**  
3 **erating capacity of the community solar projects operated under the**  
4 **program will be made available for use by low-income residential cus-**  
5 **tomers of electric companies; and**  
6       **(c) Periodically review and adjust the percentage described in par-**  
7 **agraph (b) of this subsection.**

8       **SECTION 2.** **The Public Utility Commission may not adjust the**  
9 **percentage of the total generating capacity of the community solar**  
10 **projects operated under the program established under section 1 of this**  
11 **2016 Act that will be made available for use by low-income residential**  
12 **customers of electric companies pursuant to section 1 (9)(c) of this 2016**  
13 **Act until January 1, 2019.**

14       **SECTION 3.** **On or before January 1, 2019, the Public Utility Com-**  
15 **mission shall report on the implementation of section 1 of this 2016**  
16 **Act to the interim committees of the Legislative Assembly related to**  
17 **business and energy. As part of the report, the commission may make**  
18 **recommendations for legislation. The commission shall submit the**  
19 **report in the manner required by ORS 192.245.**

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