

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 20, 2016**

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2017

DATE: December 8, 2016

TO: Public Utility Commission

FROM: John Crider *mtg*

THROUGH: Jason Eisdorfer *mtg*

**SUBJECT:** OREGON PUBLIC UTILITY COMMISSION STAFF:  
(Docket No. UM 1505) Adoption of Oregon Solar Photovoltaic Volumetric Incentive Program 2017 Legislative Report as required by HB 3039 (2009) to be delivered to the Legislature by 1/1/2017.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission order the submission of the HB 2941 Solar Incentives Report (2016), with any necessary revisions, as the 2017 biennial Legislative report on the Solar Photovoltaic Volumetric Incentive Program to the Oregon Legislature by January 1, 2017.

**DISCUSSION:**

Issue

Whether the Commission should use the recently completed 2016 HB 2941 Solar Incentives Report to comply with the requirement in ORS 757.365(13) for a biennial report to the Oregon Legislature evaluating the effectiveness of the Solar Photovoltaic Volumetric Incentive Program.

Applicable Rules or Law

ORS 757.365(13) provides that the Commission shall submit a report to the Legislative Assembly by January 1 of each odd-numbered year that evaluates the effectiveness of volumetric incentive rate pilot programs for solar photovoltaic systems established under ORS 757.365(1) compared to the effectiveness of expenditures under ORS 757.612 (3)(b)(B)(requirements for public purpose expenditures) or tax credits

under ORS 469B.100 to or 469B.118 or ORS 469B.130 for promoting the use of solar photovoltaic energy systems and reducing system costs. The report must also estimate the cost of the program to retail electricity consumers and the resource value of solar energy.

House Bill (HB) 2941 Section 2 (2015) provides:

The Public Utility Commission shall evaluate programs identified by the Commission that incentivize the development and use of solar photovoltaic energy systems and shall submit a report to the Legislative Assembly, that: (a) recommends the most effective, efficient and equitable approach to incentivizing the development and use of solar photovoltaic energy systems in this state; and (b) for each program, makes a recommendation on whether the program should be discontinued, modified or extended or should remain unchanged.

### Analysis

The 2009 Legislature enacted ORS 757.365 to establish pilot programs to examine the effectiveness of a production-based incentive in the development of solar photovoltaic (PV) systems. The statute allows customers in the Portland General Electric (PGE), PacifiCorp and Idaho Power service territories to be paid directly for energy produced from their solar systems at a rate defined by the Commission. The statute requires a biennial report on the program to be delivered to the Legislature on January 1 of each odd numbered year. The current report is the fourth in the series begun in 2011.

Docket No. UM1452 was established in 2009 to develop the Volumetric Incentive Rate (VIR) program parameters and to allow input from parties interested in the program design. Several candidate designs were discussed before the Commission resolved to implement a net-metering and competitive-bidding based solution. Order No. 10-198 established the pilot program design. Docket No. UM 1505 was opened to present the draft legislative reports and provide an opportunity for parties to offer comments for inclusion in the final reports. The first three biennial reports were delivered to the legislature as required in 2011, 2013 and 2015. Since the most recent report filed on January 1, 2015, with the legislature, no substantive changes on the structure of the program have occurred.

The 2013 Oregon Legislature passed House Bill 2893 directing the Oregon Public Utility Commission to study the effectiveness of the state's solar energy incentive programs and report to the Legislature on its findings. This comprehensive report included an in-

depth analysis of both the VIR program and its predecessor incentive programs. The final report from this study was delivered to the Legislature in July, 2014.

House Bill 2941 (2015) directed the Public Utility Commission of Oregon to evaluate Oregon's solar photovoltaic (PV) incentive programs and recommend whether the incentive should be discontinued, continued without change, or continued with modification. In addition, HB 2941 directs the Commission to recommend "the most effective, efficient and equitable approach" to incentivizing the development and use of solar PV systems in Oregon.

In the interim since the delivery of the HB 2941 solar report in October 2016, again there have been no substantial changes in the VIR program attributes or results. The analysis and conclusions of the HB 2941 Report remain current and valid, and accurately reflect the present state of the VIR program.

**PROPOSED COMMISSION MOTION:**

Submit the HB 2941 Solar Incentives Report (2016), with any necessary revisions, as the 2017 biennial Legislative report on the Solar Photovoltaic Volumetric Incentive Program to the Oregon Legislature by January 1, 2017.