

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 3039**

1 On page 4 of the printed A-engrossed bill, delete lines 34 through 45.

2 On page 5, delete lines 1 through 44 and insert:

3 **“SECTION 8. Production-Based Incentive Pilot Program.** (1)(a) The
4 **Public Utility Commission shall establish a pilot program for each**
5 **electric company to demonstrate the use and effectiveness of**
6 **volumetric incentive rates and payments for electricity delivered from**
7 **solar photovoltaic energy systems. A qualifying system must:**

8 **“(A) Be permanently installed in this state;**

9 **“(B) Be a qualifying system that first becomes operational after the**
10 **program begins; and**

11 **“(C) Be installed by a retail electricity consumer who:**

12 **“(i) Uses an average of less than one megawatt per year of elec-**
13 **tricity;**

14 **“(ii) Is located in this state; and**

15 **“(iii) Is provided electricity service by an electric company.**

16 **“(b) The cumulative nameplate capacity of the qualifying systems**
17 **enrolled in the production-based incentive pilot programs may not**
18 **exceed 25 megawatts alternating current.**

19 **“(c) The electricity generated under the pilot programs shall not**
20 **be included in the 20 megawatts of minimum generating capacity re-**
21 **quired by section 2 of this 2009 Act.**

22 **“(2) The commission by rule shall adopt requirements for the pilot**

1 programs described in subsection (1) of this section. Each electric
2 company shall file, for commission approval, a rate schedule for the
3 company's pilot program that conforms to the requirements.

4 “(3) The commission shall establish incentive rates for the pilot
5 programs to enable the development of solar photovoltaic energy sys-
6 tems. In setting incentive rates, the commission shall consider the
7 costs of installation and operation, interest rates and a reasonable rate
8 of return.

9 “(4) A retail electricity consumer participating in a pilot program
10 may receive payments based on the actual electricity generated from
11 solar photovoltaic energy system output for 15 years from the con-
12 sumer's date of enrollment in the program, at rates in a rate schedule
13 established at the time of enrollment.

14 “(5) The commission may adjust the rate schedule as needed for
15 new pilot program participants for the purpose of generating the
16 maximum amount of electricity allowed under subsection (1) of this
17 section. Once a retail electricity consumer is enrolled in a program,
18 the rates or rate formula may not be modified.

19 “(6) The commission shall establish pilot programs designed to at-
20 tain a goal of 75 percent of the energy under each program to be gen-
21 erated by small-scale qualifying systems of five kilowatts or less. The
22 commission by rule may further define the size of a small-scale qual-
23 ifying system and may adjust the definition of size for small-scale
24 qualifying systems based upon the costs of the energy generated, the
25 feasibility of attaining the goal and other factors. The commission
26 may also adjust the maximum percentage goal of energy generated by
27 small-scale qualifying systems based upon the same factors.

28 “(7) An electric company shall enter into power purchase agree-
29 ments for a term not less than the period set forth in subsection (4)
30 of this section to purchase all electricity produced by qualifying sys-

1 tems that are located in the electric company's service area, subject
2 to the limits of subsections (13) and (14) of this section.

3 “(8) The obligation of an electric company to purchase electricity
4 produced by qualifying projects is an obligation that runs with the
5 qualifying system and applies to the retail electricity consumer's suc-
6 cessors in interest.

7 “(9) The commission may establish total generator nameplate ca-
8 pacity limits for an electric company so that the rate impact of the
9 pilot program for any customer class does not exceed 0.25 percent of
10 the electric company's revenue requirement for any year.

11 “(10) Ownership of renewable energy certificates established under
12 ORS 469A.130 that are associated with renewable energy generation
13 that is sold to an electric company under the production-based incen-
14 tive pilot programs must be transferred to the electric company and
15 may be used to comply with the renewable portfolio standard described
16 in ORS 469A.052 or 469A.055.

17 “(11) Pilot program qualifying system owners who receive incentive
18 payments for electricity delivered to an electric company under the
19 production-based incentive program are not eligible to receive incen-
20 tives under ORS 757.612 (3)(b)(B) or tax credits under ORS 469.160 to
21 469.180 or 469.185 to 469.225.

22 “(12) All prudently incurred costs associated with compliance with
23 this section are recoverable in the rates of an electric company. The
24 costs associated with the resource value are recoverable in the rates
25 of all retail electricity consumers. Prudently incurred costs in addi-
26 tion to the resource value are recoverable from customer classes eli-
27 gible for the pilot programs described in subsection (1) of this section.

28 “(13) The pilot programs described in subsection (1) of this section
29 close to new participants on March 31, 2015, or when 25 megawatts of
30 solar photovoltaic energy systems have been permanently installed by

1 retail electricity consumers under the pilot programs, whichever is
2 earlier.

3 “(14) At the conclusion of the production-based incentive pilot pro-
4 gram’s payments as set forth in subsection (4), and for the remainder
5 of the qualifying system’s life, an electric company shall purchase the
6 actual electricity generated by the qualifying system at the resource
7 value.

8 “(15) The commission shall submit a report to the Legislative As-
9 sembly by January 1 of each odd-numbered year beginning in 2013. The
10 report must evaluate the effectiveness of paying incentive rates under
11 the pilot programs described in subsection (1) of this section compared
12 with paying expenditures under ORS 757.612 (3)(b)(B) or tax credits
13 under ORS 469.160 to 469.180 or 469.185 to 469.225 for promoting the use
14 of solar photovoltaic energy systems and reducing system costs. The
15 report must also evaluate the estimated cost of the program to retail
16 electricity consumers.”.

17 On page 6, delete lines 1 through 3.

18
