INTRO TO SOLAR POLICY

CLAIRE CARLSON, SOLAR OREGON

THE BLACK MAGIC SIDE OF SOLAR

Financial Incentives

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Rules, Regulations & Policies

FINANCIAL INCENTIVES

PACE Financing

Property Assessed Clean Energy

- Allows property owners to borrow money to pay for energy improvements and renewable energy.
- Typically repaid via special assessment on the property over a period of years
- Oregon – Local governments can create "local improvement districts" and issue loans for RE and EE
- HB 2626 in 2009 allows for local governments to issue bonds to finance these loan programs. Local govs may issue revenue bonds to finance the loans or can borrow money from ODOE SELP program
- Multnomah County launching commercial pilot

FINANCIAL INCENTIVES

Direct Cash Incentives

- Includes:
  - Rebates & buydowns– issued to system purchaser or installer after installation
    - Energy Trust Incentives
  - Grants - generally involve more detailed, competitive application process and tend to commercial projects
    - USDA REAP Grants
  - Performance based incentives – based on actually energy output of the system
    - VIR (Feed in Tariff)
    - Renewable Energy Credits sales

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Property Tax Incentives

Includes exemptions, abatements, credits or special assessments that might mitigate or eliminate the increase in assessed value of a property (for tax purposes) attributed to a solar energy system

- Oregon – added value to any property from the installation of a qualifying renewable energy system may not be included in the assessment of the property's value for property tax purposes.
  - Must be a net metered system
  - Set to expire July 1st 2018

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Sales Tax Incentives

Provides an exemption from (or refund of) sales tax for the purchase and installation of solar energy components and systems.

- Recently renewed in Washington
- Idaho had incentive which was a refund of sales tax paid. Expired July 1st 2011

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Tax Credits

One of the most predominant tools used in the United States to incentivize solar.

- Provides a direct reduction in tax payer's liability for a portion of the cost of installing a solar system.
- Easier to administer than direct cash incentives because they do not require annual appropriation.
- Can be successful in expanding markets and can result in a net gain in public revenue.
- Entities with no or low tax liability can't take advantage including schools, nonprofits, retired individuals

FINANCIAL INCENTIVES

Industry Incentives and Support

- State and local governments can offer financial incentives to encourage clean-energy business to locate or to expand within their jurisdiction as a way to spur economic development, create jobs, increase RE access to local population and support climate change initiatives.

- Oregon – Industry present and working in ETO territories can take advantage of Energy Trust Trade Ally benefits

FINANCIAL INCENTIVES

Loan Programs

One of the biggest barriers to solar energy is high upfront cost. Loans can help increase access to RE by spreading cost over time.

- States, utilities, and local govs can establish loan programs
  - Pendleton, Union County have leveraged local funding
  - Key features that increase effectiveness of loans include
    - Low interest, long repayment term, minimal fees
    - Easy concise application process
    - Coordinated package of additional incentives
    - Coordination with other state programs and partnered with public education and outreach campaigns
    - Mechanism for tracking the details to allow for evaluation and improvement

- Private financial institutions are beginning to catch on to the demand for RE loans
  - Rogue Valley Credit Union, Umpqua Bank

FINANCIAL INCENTIVES

Permitting Incentives

May take the form of reduced or waived local building permit fees, plan check fees, design review fees and other charges that consumers and businesses normally incur when installing a solar energy system. Expedited permitting can also translate to cash savings.

- Helps to reduce the "soft costs" of solar energy systems

- Permitting fees can range widely by issuing jurisdiction.
  - Might be issued as a flat fee or done as valuation method
  - Electrical permit and building permit

- Oregon has the first statewide prescriptive path for building code

RULES REGULATION AND POLICIES

Solar Carve-Outs in Renewable Portfolio Standards

RPS policies require that a certain percentage of a retail electricy supervisor's sales or new generating capacity be derived from renewable resources.

- Designed to increase energy security, diversity, economic development and environmental protection.
- Carve outs and multipliers can be used to encourage certain technologies
- Oregon – Solar Thermal, PV, Landfill Gas, Wind, Biomass, Hydroelectric*, Geothermal, Solid waste, Hydrogen, Anaerobic Digestion, Tidal Energy, Wave Energy, Ocean Thermal
  - 2025 Standards: Large Utilities 25%, Small Utilities 10%, Smallest Utilities 5%
  - Multiplier for solar RECs

RULES REGULATION AND POLICIES

Net Metering

Allows electric customers who generate their own electricity using solar or other forms of renewable energy to bank excess electricity on the grid, usually in the form of kWh credits. These credits are used to offset electricity consumed by the customer at a different time during the same billing period.

Oregon:

- Statewide net metering legislation OR Revised Statute 757.300 (doesn't include Idaho Power)
  - Coops, Municipal, PUDs
    - Capacity Limit: 25kW
    - Aggregate Limit: .5% single hour peak load
    - Net excess generation: varies
    - Fees: varies
  - IOUs – Subject to OPUC
    - Capacity Limit: 2 MW commercial 25 kW residential
    - Aggregate Limit: none specified by OPUC
    - Net excess generation: annualized
    - Fees: none

RULES REGULATION AND POLICIES

Net Metering Cont.

Virtual Net Metering (Community Solar): Investors receive credit on their electric bills for the energy produced at the offsite facility and at a rate proportional to their investment.

- Increases eligible participants in solar energy including renters, shaded properties
- Encourages economies of scale
- Lower buy in threshold

Aggregate Net Metering: Allows electric customers to install solar on one of their meters to offset energy use at all properties metered within that utility.

- Oregon currently allows for aggregate net metering for contiguous properties

RULES REGULATION AND POLICIES

Interconnection Standards

Specifies the technical, legal and procedural requirements that customers and utilities must abide by when a customer seeks to connect a renewable energy system to the grid.

Oregon has 3 separate interconnection standards: One for net metered systems, one for small generator facilities and one for large generator facilities.

Oregon also has separate interconnection standards for the states IOUs and for it's Municipal, Coops, and PUDs.

RULES REGULATION AND POLICIES

Public Benefits Funds

Commonly known in Oregon as a public purpose charge this is a mechanism intended to provide long-term, stable funding to support energy efficiency, renewable energy and/or low income programs.

Oregon:

- PGE, PP, Cascade Natural Gas and NW Natural Gas customers collect a 3% PPC from their customers to support RE and EE projects.
  - Of the 3% , 56.7% goes to EE, 17.1% goes to RE and the rest goes to low income housing energy assistance and k-12 school energy conservation efforts.

RULES REGULATION AND POLICIES

Solar Access Laws

Implemented at the state and local level are designed to protect a consumer's right to install and operate a solar energy system on a home or business and to maintain access to sunlight.

- Solar Easement: Allows the owner of a solar energy system to secure rights to continued access to sunlight from a neighboring party whose property could be developed in such a way as to restrict the system's access to sunlight.
- Solar Rights: Local govs and Home Owner Associations can place restrictions on where solar installations can be placed.
- Oregon: 1979 law states that no person conveying or contracting to convey a property title can include provisions that prohibit the use of solar energy systems on the property. Also allows municipalities and local govs to establish solar access laws.

RULES REGULATION AND POLICIES

Energy Standards for Public Buildings

Oregon: 1.5% for renewables

- Just this year now allows for off site generation

MORE RESOURCES

- SolarOregon.org
- Energytrust.org
- DSIREUSA.org
- VoteSolar.org