

Oregon Community Solar SB1519 Amendment

Date: 2/28/2022

Position: Included All Community Solar Exemption and Pass Bill This Session

Issue #1: Our SB1519 Discriminate Community Solar (CS) non-residential subscribers, project owners, and Tier 1 CS projects.

Testimony filed on 2/16/22 underscores ALL Community Solar deserves property tax exemption because All customers receive the Alternative Energy Exemption in ORS307.175. Bill supporters that testified Bill only gives residential subscribers same treatment as residential Net Metering (NEM), cannot defend why non-residential subscribers are excluded for the same. NEM tax exemption is *extended here* and considered good policy; yet some argue Community Solar should pay its 'fair share' of taxes. That position ignores a) Community Solar is *universally intended equivalent to Net Metering* for utility customers who cannot do NEM. It ignores the PUC established authority of CS Program in Order 19-392 under Virtual Net Metering.

The 'fair share' position applies to "Community-Scale" projects per ORS 469A.210 (< 20mW) using Payment in Lieu of Taxes (Pilot). Pilot became law in 2015 (HB3492) and before SB1547 created Community Solar Program in 2016, therefore it was *not intended* for Community Solar non-residential subscribers. By contrast, Oregon IOU's Net Metered and Community Solar systems are capped at <2mW-ac and <3mW, respectively.

Conclusion: Unequivocally, All Community Solar subscribers should be property tax exempt.

Recall, HB2941 tasked the PUC to evaluate statewide solar incentives and issue recommendations. Contrary to this bill, in PUC's October 2016, recommends the Legislature align Net Metered exemption with SB1547 Community Solar, item 2, Pg 27.¹

Ultimately, why does this matter?

- CS has been open two years, and the most senior Tier 1 projects reported 95% capacity filled with non-residential subscribers. They get no relief from this bill.
- Since October, (26) CS projects required pre-certification extensions² as CS does not pencil, economically. Without timely inclusion of non-residential subscribers, a minimum of 12mW will cancel and cause many non-residential subscribers' contracts to be cancelled. These are non-profits, government, and business-many with carbon reduction goals. It's inequitable to exempt a large group midway through the program.
- Cancelled Tier 1 CS projects drop secondary benefits like construction spending in low-income counties.

Issue #2: Including non-residential Community Solar subscribers raises some concern for loss of speculative revenue by AOC and Cities.

Response: The concern is misplaced. Without full text exemption, projects cancel. By Comparison, the entire CS Program is 160mW in size. If all 160mW could even pay the ad valorem tax at average of \$15/1000, the annual tax gain is \$2.5M per year. In HB2941's Table 8, the DOR stated the Alternative Energy Tax Exemption in 2016 was \$61.43M. If we safely apply a 20% increase to 2020, this bill received wide support (24-1) to exempt \$73-75M annually. Adding residential CS exemption adds ~\$0.02-2.59/yr. Why would an equitable exemption for non-residential CS be at issue? In 2020, OSEIA reports Oregon Solar industry spent 260.67M in projects. How doesn't a viable solar industry and Community Solar Program not outweigh the small revenues foregone? Any CS project taxed at Utility Roll rates will get financing, so there is \$0 revenue, alternatively.

¹ <https://www.oregon.gov/puc/forms/Forms%20and%20Reports/2016-HB-2941-Solar-Incentives-Report.pdf>, Pg 27 (2).

² UM1930 CA's on 7/1/21, 10/25/21, 12/22/21, 1.19/22, 2/15/22

SB1547 was passed as a declared emergency act in 2016³. In 6 years, only 6% of the 160mW capacity is built. 5 of 6 projects received essential waivers to claim a 30% tax credit or other advantage. The program is struggling by any measure.

This necessary and well-intended bill MUST include non-residential Community Solar Subscribers but it's not a clean bill and carries a critical extension to ALL NEM solar projects- so SB1519 cannot fail to be pass this session.

We have shared this tax treatment issue to several legislative members and the leading solar association in 2016, 2017, 2018, and early 2021. This is not a last-minute issue. The time to resolve this oversight is very tight and we believe there is strong bi-partisan support to make it right. The issue is real, the challenge is presented, and ultimately whether the Legislature will pass the matter, is up to you.

Respectfully yours,

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Daniel Hale

³ https://www.oregonlegislature.gov/bills_laws/lawsstatutes/2016orlaw0028.pdf