

Oregonians for Renewable Energy Policy (OREP) – Progress Report (2009-2010)

History and Mission

With climate change already upon us, the need to reduce CO2 emissions demands a rapid transition from fossil fuels to renewable resources. The current economic crisis cries out for new jobs and a transition that shares both the burdens and benefits equitably. In the absence of a clear national plan, states and municipalities are becoming the incubators for innovative systems to rapidly deploy renewables.

OREP began in late 2008 as a joint project of the Alliance for Democracy and Tax Fairness Oregon to promote the use of a production-based incentive called a Feed-In Tariff (FIT), as an alternative to using tax credits to fund renewable energy. FITs are payments per kilowatt-hour for electricity generated by a renewable resource. FIT Laws permit the interconnection of renewable sources of electricity with the electric-utility grid and specify how much the renewable generator is paid for their electricity and over how long a period. Now widely used around the world, FITs have proved the fastest and cheapest way to deploy renewable energy (NREL: "A Policymaker's Guide to Feed-in Tariff Policy Design" – 2010 <http://www.nrel.gov/docs/fy10osti/44849.pdf>).

By encouraging electricity consumers to produce and sell renewable energy to their utility at a profit, FITs “ democratize the grid”. By far the most egalitarian method for determining where, when, and how much renewable generating capacity will be installed, FITs enable homeowners, farmers, cooperatives, and First Nations (Native North Americans) to participate on an equal footing with large commercial developers. FIT Laws made Germany the global leader in solar energy in less than a decade, creating over 300,000 jobs in renewable energy. FITs are now responsible for 75% of solar and 45% of global wind deployment in over 63 countries.

Typically funded by an across-the-board, electricity rate increase, FITs appropriately place payments in the energy production sector, just as with electricity generated by fossil fuels, and unlike tax credits do not require renewable energy to compete with education and social services for scarce tax dollars.

OREP advocates for an Oregon FIT with good social, economic and environmental outcomes at reasonable costs. Our specific focus has been a FIT statute that: attracts local investment; fosters a stable and flourishing renewables industry with local, living-wage jobs; and encourages renewable energy generation in the built environment of Oregon’s cities, towns and neighborhoods. We seek a FIT open to all local energy producers such as farmers, homeowners, schools, houses of worship, public buildings and small businesses. Community-based renewable power, generated close to the end user, reduces energy losses from distribution and limits the cost and environmental impacts of new long-distance transmission lines. Small-scale projects financed with local capital create jobs in communities of all income levels, distributing the economic benefits widely.

Major Accomplishments (2009-2010)

Phase One – Legislative (January - July 2009)

During the 2009 legislative session OREP:

- wrote and introduced legislation to create a comprehensive Feed-In Tariff law covering all renewable resources and all Oregonians (HB 3038 – “A Renewable Energy Act for Oregon” <http://www.oregonrenewables.com/HB3038.html>)
- shaped HB3039, Oregon’s Solar Pilot Program, making it the first U.S. statute to dedicate capacity to small-scale systems (75% of the 25MW it will generate by 2015)
- removed from HB3039 a state energy tax credit for utilities, saving taxpayers \$120 million in general fund revenues

Phase Two – Rulemaking (September 2009 - December 2010)

During rulemaking for HB3039 before Oregon’s Public Utilities Commission (PUC) OREP:

- Actively intervened, attended stakeholder workshops, testified and submitted multiple written comments (<http://apps.puc.state.or.us/edockets/docket.asp?DocketID=15820>)
- Contributed latest published research on FIT policies and their implementation via our contacts with national and international FIT experts and real world feedback from local solar installers
- Devised method of calculating incentive rate based on real cost of generation, largely adopted by PUC's economist; essential if a wide spectrum of public is to find solar financially attractive
- Identified barriers in federal energy law that limit implementing state-level FITs, and were the first to contact Oregon's Senators with a proposed solution

OREP's advocacy for small and medium solar installations in local communities literally changed the conversation about the future of solar in Oregon, leading to a Solar Pilot Program with:

- an 80% allocation of the pilot's 25MW capacity for small and medium sized solar systems
- an initial fixed payment per kWh based on the actual cost of generation
- cost-efficient tiered payments for electricity from different system sizes to reflect economies of scale enjoyed by larger systems
- payments differentiated by geographical regions to encourage energy production in populous parts of Oregon as well as in its sunniest regions; and
- preservation of statutory intent to limit eligibility for the solar pilot program exclusively to retail utility customers rather than Oregon's privately-owned utilities themselves

OREP's ongoing public education and coalition building efforts (December 2008 – December 2010) have included:

- holding a December 2008 public forum where speakers contrasted Feed-In Tariffs with Energy Tax Credits (afterwards 50 attendees voted to form Oregonians for Renewable Energy Policy)
- hosting a ten-day visit by German FIT expert, World Future Council Climate Policy Officer Bianca Barth, during which she spoke in Portland and testified in Salem
- conducting an FIT workshop for community groups that later joined OREP in written comments to PUC and/or registered as interveners in rulemaking themselves, including: Alliance for Democracy, Albina Community Bank, Columbia Riverkeeper, Ecumenical Ministries of Oregon and Oregon Interfaith Power & Light, Environmental Law Alliance Worldwide, Environment Oregon, MoveOn.org's Portland Council, Multnomah County Commissioner Jeff Cogen, National Solar USA, Oregon AFL-CIO, Oregon and Southern Idaho Laborers Union, Solar Energy Solutions, Solarize Portland Project, Sustainable Energy Solutions and Tax Fairness Oregon.
- staffing booths at public events where over 200 joined OREP's email list (including at University of Oregon 2010 Public Interest Environmental Law Conference)
- building website of educational materials on FIT policy worldwide and in Oregon (www.OregonRenewables.com)
- being interviewed on local radio and cable programs; consulted by "PV News", "The Oregonian" and "Portland Tribune" journalists about Oregon's developing FIT program.

Phase Three – Implementation (July – December 2010)

On July 1, 2010 Oregon's Solar Pilot Program was launched with the statutory requirement to test the cost-effectiveness, compared to tax credits and Energy Trust of Oregon incentives, of paying fixed volumetric incentive payments for electricity from solar PV for 15 years, to customers of Oregon's three privately-owned utilities (Portland General Electric, Pacific Power and Idaho Power) to create 25MW of solar electricity by March 31, 2015. The program opens for enrollment on April 1st and October 1st of each year. Although well-received, the program is not yet a genuine feed-in tariff and needs considerable improvement to achieve its true economic and environmental potential. Since July OREP has continued to work with the PUC and fellow stakeholders to improve access to the program for homeowners, small businesses and non-profits and ensure a fixed payment for all producers that covers their real cost of generation, plus a reasonable return on their investment. During this period OREP was awarded a grant by the Bullitt Foundation, formed a Steering Committee and added two new staff members.