

OPUC RULES IN FAVOR OF THIRD PARTY SOLAR ENERGY PROJECTS – July 31, 2008

Decision Allows Nearly Three Dozen Projects In Oregon to Move Forward

Portland, Ore.-A large group of public interest organizations, cities and solar energy companies praised the Oregon Public Utility Commission (PUC) today for its prompt ruling that will ensure dozens of proposed on-site solar projects across the state can be constructed and connected to the grid by the end of the year.

"We applaud the Oregon Public Utilities Commission(OPUC) decision affirming the ability of third parties to continue installing clean, affordable renewable energy projects for non-profit customers in the state," said Suzanne Leta Liou, Senior Policy Advocate for the Renewable Northwest Project, one of the parties to the case. "This decision will allow our growing solar market to blossom."

Specifically, the decision squelched questions Pacific Power raised in a petition filed with the PUC in June. Pacific Power raised questions regarding net-metering, a policy allowing small, renewable energy owners to sell the excess energy they generate from their systems back to the utility as a credit against their energy bill. In addition, Pacific Power questioned whether or not third party solar developers are electricity service suppliers (ESS) and, therefore, subject to strict regulatory requirements. The OPUC sided with the OPUC staff, public interest organizations and the solar installers by affirming that third party solar projects can net-meter and that third party owners of the projects are not electricity service suppliers.

The timing of the ruling was critical, as solar projects must be installed by the end of the year to benefit from federal investment tax credit. Unless extended by Congress, the federal tax credit is set to expire December 31st. The federal tax credit, combined with the Oregon tax credits and Energy Trust of Oregon rebates have made it much more financially feasible for homeowners, businesses and non-profits to generate solar energy on-site.

"The PUC's decision is a victory for solar power in Oregon, a victory for the earth and a victory for renewable energy as a linchpin of Oregon's future economic prosperity," said Multnomah County Commissioner Jeff Cogen, "I commend the PUC for their decision, and thank them for acting quickly enough to avoid harming the large number of solar projects currently in the pipeline. Multnomah County's 1 Megawatt solar project should now be able to be completed by year's end."

The impact of this decision is far-reaching. According to publicly available documents, 32 proposed solar projects in Oregon for 2008 utilize third party financing. The combined capacity of 22 of these projects is 13 Megawatts (MW)-more than twice the capacity of solar electric projects installed in Oregon to date. These projects are with cities (including Bend, Medford, Corvallis, Roseburg), counties, state agencies, universities, community colleges, counties and special districts.

Background

In the past year, Oregon's residents, businesses, non-profits and cities have benefited from Energy Trust of Oregon rebates and state and federal tax credits-resulting in dozens of solar project proposals across the state. A large portion of these projects use third party financing, where a company offers to pay for the up-front cost and then sells the solar-generated electricity to a building owner through a power purchase agreement. These third party arrangements allow for public and non-profit entities to pay for the cost of the project over an extended period of time and utilize tax incentives that significantly reduce the cost of solar and would be unavailable otherwise.

