

Background and Need for Legislation

The Oregon Solar + Storage Rebate Program was established by the Oregon Department of Energy at the direction of HB 2618, which was passed by the Oregon State Legislature in 2019. The legislation called for the department to adopt a program to provide rebates for the purchase, construction, or installation of solar electric systems and paired solar and storage systems.

Program rebates are issued to participating contractors and are passed on to customers as a reduction in the price of the installed system. The legislature directed the department to make at least 25 percent of the rebate budget available for projects installed for low- and moderate-income residential customers and low-income service providers. Low-income service providers are a specific group of non-residential customers that provide services to individuals and households with low or moderate incomes.

The Oregon Solar + Storage Rebate Program advances Oregon energy policy by helping reduce the upfront costs associated with the purchase and installation of solar energy production and solar energy storage systems, as well as supporting the Oregon solar installer industry. The Legislature has directed \$17 million to this program, including \$10 million in June 2021 (HB 5006) and \$5 million in March 2022 (SB 5202). As of June 15, 2022, 2089 projects have either received or reserved rebates in 29 Oregon counties, a state investment of over \$6.9 million supporting over \$78 million in total project costs.

The legislature typically includes a sunset date for incentive programs in statute as a best practice to periodically revise or revisit those programs. HB 2618 included a sunset date of January 2, 2024. This means that the sunset must be lifted for the program to continue through the 2023-2025 budget period. Also, the current staffing for the program will no longer be funded as of July 1, 2023. In order for the current program budget for rebates to be expended and for the state to ensure monitoring and verification of project completion, at the very least, the program needs to be funded for staff positions through the sunset.

While the program has been successful, supply chain issues have led to a long wait time for battery storage. The current statute requires that both the PV system and battery storage must be in place for a rebate to be processed for a solar + storage project. This has left contractors and homeowners waiting for the rebate, sometimes for months, after already installing the PV system.

Proposed Solution

The Oregon Department of Energy is pursuing a 2023 legislative concept that would extend the sunset an additional five years and make the program's 2.5 full time positions permanent instead of limited duration. This would continue the program's success in meeting the legislature's goals of reducing the upfront costs of installing solar and storage systems and supporting the Oregon solar installer industry while supporting recruitment and retention of agency staff. The draft legislative concept also includes a technical fix related to supply chain issues that will allow the agency to process rebates for solar PV first and then for storage later when those systems are purchased together.

Expected Fiscal Impact

The Oregon Solar + Storage Rebate Program is funded by the general fund, and administrative costs are currently 8 percent of the program total budget. To extend the program at its current level, ODOE recommends an additional \$10 million in General Fund for the next biennium.

Contact

Christy Splitt

Government Relations Coordinator

christy.splitt@oregon.gov

503-510-4473

Background and Need for Legislation

Since 2021, the state legislature has created new energy programs and Congress has passed the Infrastructure Investment and Jobs Act — investments that will bring state and federal dollars for energy projects to Oregon communities. In many cases, these communities, especially rural and Tribal communities, do not have the resources, time, or capacity to apply for these funds. Language in those new federal and state laws has made it clear that energy dollars should flow to the communities that need them most.

For instance, the federal Infrastructure Investment and Jobs Act is being implemented with the Justice 40 Initiative in mind. Justice 40 is a goal calling for 40 percent of federal investments to benefit disadvantaged communities. The initiative defines disadvantaged based “on a combination of variables that may include, but are not limited to, the following:

- Low income, high and/or persistent poverty
- High unemployment and underemployment
- Racial and ethnic residential segregation, particularly where the segregation stems from discrimination by government entities
- Linguistic isolation
- High housing cost burden and substandard housing
- Distressed neighborhoods
- High transportation cost burden and/or low transportation access
- Disproportionate environmental stressor burden and high cumulative impacts
- Limited water and sanitation access and affordability
- Disproportionate impacts from climate change
- High energy cost burden and low energy access
- Jobs lost through the energy transition
- Access to healthcare”

In Oregon, the Community Renewable Energy Grant Program calls for prioritizing projects in environmental justice communities. The definition for these communities is in HB 2021 (2021). Environmental justice communities: “includes communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including seniors, youth, and persons with disabilities.”

These same concerns arise when trying to bring more people from more communities, particularly those that have been traditionally underrepresented, to energy decision-making tables. Whether it’s capacity to serve on a rulemaking advisory committee or study work group or capacity to apply for grant funding, there are obvious barriers to participation for communities. The Oregon Department of Energy’s [strategic plan](#) calls for increasing the diversity of the agency stakeholder groups, increasing agency engagement with organizations representing historically and currently underserved populations and communities, and increasing the percentage of these same populations and communities participating in ODOE programs and services.

Proposed Solution

The agency is proposing a legislative concept that would establish a program to provide information about potential funding resources and other technical assistance to rural, Tribal, and other environmental justice communities as they work to develop energy projects or build energy-related capacity. To serve this need, ODOE recommends adding an additional full-time employee whose job it is to help communities navigate funding opportunities for projects and capacity-building.

Expected Fiscal Impact

\$396,229 General Fund

Contact

Christy Splitt

Government Relations Coordinator

christy.splitt@oregon.gov

503-510-4473