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QuickPoint! – Will the PUC Make Oregon’s Solar Energy Incentives Equitable?

By Lydia White

In accordance with House Bill 2941, the Public Utilities Commission (PUC) is making recommendations to the Oregon State Legislature to ensure Oregon’s solar energy incentives are equitable, efficient, and effective.

One recommendation is to modify the compensation method for solar energy, net metering. Under net metering, solar owners consume energy their panels produce. When energy produced is insufficient, solar owners purchase additional energy from traditional sources. When excess energy is produced, solar owners sell energy. Solar owners are compensated at above-market rates and are exempt from paying their portion of incurred costs. [Such costs include operation and maintenance of the grid](#) and “spinning reserves,” the alternative power source utility companies run continuously in case solar produces less energy than projected. The state’s incentive structure shifts costs from solar owners to non-solar ratepayers. As the number of solar owners increases, ratepayers bear higher costs. The PUC is recommending these costs instead be shifted to taxpayers. While the PUC proposal’s efforts to alleviate inequity are commendable, their proposed recommendations still constrain Oregonians.

Although solar owners are double-dipping into the taxpayer pot—once when receiving heavily subsidized (and therefore low-cost) solar systems and again when receiving above-market compensation—the solar community is vehemently protesting. Despite the outcries, the PUC should pursue its recommendation to transition from net metering while also rejecting subsidies from ratepayers and taxpayers alike. By doing so, the PUC’s recommendations could relieve Oregon’s ratepayers from substantial burden.

Lydia White is a Research Associate at Cascade Policy Institute, Oregon’s free market public policy research organization.