

## FOLLOW UP REPORT TO THE RENEWABLE ENERGY WORKING GROUP

March 25, 2009

Cece M. Newell, CIC, APIR

Oregon Insurance Division

In my prior outline sent in November of 2008, I stated that the Oregon Insurance Division had reviewed the report that you brought to our attention from the National Renewable Energy Laboratory. The report, released in May of 2008, was titled “Solar Photovoltaic (PV) Financing: Deployment on Public Property by State and Local Governments”.

The report summarizes insurance issues and their impact on PV deployment. In the summary statement regarding insurance the report states: “Massachusetts is exploring an umbrella insurance policy to cover multiple systems and, ultimately, reduce costs on a per-project basis.”

We did finally get a return call from Meg Lusardi who initially made the statement about the umbrella insurance policy which the Massachusetts Department of Energy Resources (DOER) was, and still is, pursuing. Ms. Lusardi referred me to Mr. Gerry Bingham who has taken over the project. The issues in Massachusetts appear to be different than those we are working on here in Oregon.

The State of Massachusetts has a tariff that places certain insurance requirements on Distributed Generation (“DG”) sites. To access the full tariff you may go to the following link:

[http://www.masstech.org/DG/02-38-C\\_Attachment-B\\_Tariff-Recs\\_Clean\\_June-30-2006.doc](http://www.masstech.org/DG/02-38-C_Attachment-B_Tariff-Recs_Clean_June-30-2006.doc)

According to the “Uniform Standards for Interconnecting Distributed Generation – Model Tariff,” Section 11. Insurance Requirements, the Interconnection customers are required, according to the Interconnection Service Agreement, to maintain during the term of the Agreement, general liability insurance with a combined single limit ranging from \$500,000 to \$5,000,000 based on the wattage volume of the facility.

The DOER’s goal is to finalize a Request for Response (RFR) for insurers doing business in Massachusetts to provide the insurance for Commonwealth of Massachusetts facility locations which provide interconnections back to power providers. The Commonwealth liability limitations, which are similar to our tort limits, would not apply to these agreements and the Commonwealth must obtain separate insurance coverage for the required liability limit from a provider who will agree not to use the liability tort limits as a defense in any suit alleging bodily injury or property damage due to negligence in the provision of the power interconnection by the Commonwealth owned facility. The RFR is still in the final stages of drafting and has not been released to the public yet.

DOER reports that premiums for the required liability coverage are running about 25% of the investment for the renewable energy project. This figure was making it cost prohibitive for the Commonwealth to continue to proceed with renewable energy project expansion.

The work being done by DOER in Massachusetts seeks to solve an insurance access problem for coverage that will extend to the Commonwealth of Massachusetts or related public entities. A proposed public search for an insurer to fulfill that need is a State action on behalf of the State.

The issue in Oregon is with private entities that wish to own renewable energy projects. Our earlier research indicated that private industry and the competitive market should be able to fill the insurance need for those private entities.

In the course of my work Mr. Bingham directed me to a Web site that I am sure REWG is familiar with. The Database of State Incentives for Renewable Energy <http://www.dsireusa.org/> appears to be very current and is an outline of energy incentives, laws, requirements, and net metering laws and requirements.

I hope that this additional information is helpful to REWG.