



June 2, 2017

Oregon Public Utility Commission
201 High Street SE, #100
Salem, OR 97301

Re: Comments to AR 603 Community Solar Program Proposed Rules

Dear Oregon Public Utility Commissioners and Staff,

Thank you for the opportunity to provide comments on the AR 603 Community Solar Program Proposed Rules. We commend your staff for facilitating great community engagement, multiple opportunities for discussion, and driving a strong process under a tight deadline. We appreciate all the work that has been put in so far to create a new community solar program for utility customers in Oregon. We are very excited to see this program launched and for more people around the state to directly access the many benefits of clean, renewable energy developed here in Oregon.

The proposed rules have many strengths including creation of the third-party administrator and low-income community manager roles, and the definition of what is a “community solar” project.

1. Third-Party Administrator

We appreciate the inclusion of a third party administrator that can equitably and efficiently make determinations on projects. We believe this will avoid potential conflicts of interest and provide the resources needed to fully administer the program. We want to ensure, however, that there is a timely and straightforward RFP process for selecting the program administrator. We would also appreciate more clarity on how the program administrator would be selected through a “competitive process,” such as whether there will be stakeholder or utility input.

2. Low-Income Community Manager

We also strongly support creating a position for a Low-Income Community Manager. That person can serve as an important conduit between the community, the program administrator, the PUC, and developers. It will be important this person has clear guidelines, accountability, and resources to undertake this work.

3. Definition of community solar project

We also appreciate defining a community solar project to be no more than 3 MW in aggregate and specifying that 50% must be held for residential or small commercial customers. This maintains the spirit of what most people would consider community solar.

As organizations that helped advocate for SB 1547, we want to ensure implementation mirrors the intent of the legislation. To this end, we have some concerns that the proposed rules will artificially limit the diverse types of rich opportunities for projects contemplated – such as, low income housing, churches and parishioners, and renters who can't put solar on own roofs.

While we appreciate the need to add more specificity to the Proposed Rules, we are concerned that there are limitations being set on the community solar program that go beyond the intent of the legislation. Our four largest concerns are: 1) a cap on the overall program, 2) geographically limiting subscriptions by utility territory, 3) subscriber limitations, and 4) low income mechanism and requirement.

1. Program cap

We appreciate the desire to define the scope of a community solar program in Oregon and the staff's responsiveness to expanding the prior proposed cap of 1% to 2.5% of peak load. However, SB 1547 purposefully did not include an overall cap on the program, recognizing that a hard cap does not create a trajectory for growth. Rather than a hard cap, a program review triggered when 2.5% of peak load is hit or an annual check-in would provide oversight over potential cost shifting while preserving the opportunity for growth.

2. Geographic limitations

SB 1547 also purposefully did not include geographic limits on where community solar projects could be developed in Oregon. Because solar resources vary throughout the state, limiting subscribers to projects in their service territories puts PGE customers who are concentrated on the west side at a disadvantage to Pacific Power customers who would have access to projects on the east side and its rich solar irradiance. This is also a limiting constraint for project developers, especially given the program cap described above. We are glad staff recommends removing the term "contiguous" from the requirement, but that does not solve all of the broader geographic limitations imposed on the program.

3. Subscriber limitations

While maintaining the spirit of community solar is important, we want to make sure that definitions are not so narrow that a diversity of project types can't flourish. We strongly believe that an aggregating role should be allowed, particularly for low-income participants. Subscriber limitations that do not allow homeless shelters and private affordable housing would be harmful to the program's goal to meet the low-income participation targets.

4. Low-income mechanism and incentives/subsidies

We are glad the Proposed Rules attempt to create multiple flexible pathways to achieve the 10% low-income requirement in a meaningful way. We assume the 5% program and 5% project requirements are cumulative to 10%, but think Rule language should make that clear. To help achieve the goal of this target, we encourage the rules to allow housing entities to manage subscriptions on behalf of tenants for qualifying low-income or subsidized units, and make them available as tenants move in and out of the unit.

Additionally, we think it is critical that the rules do not eliminate the possibility of the program offering incentives or subsidies for low-income subscribers or projects. Given the restraint that once the 2.5% cap is hit, the community solar program cannot expand if the 10% overall low-income target has not yet been met, the low-income community manager must be set up for success – including having incentives and/or subsidies to offer low-income customers. Otherwise, it is possible that the low-income target may not be fully subscribed AND this

important aspect of the program could be used as an artificial limit on the overall program once the 2.5% cap is hit.

Additional comments

1. Credit rates

We are concerned about the uncertainty of credit rates and therefore accurate return-on-investment decisions being made by developers and subscribers until the resource value of solar docket concludes. It will be difficult particularly for low income subscribers to determine if this investment in community solar will pencil out as an overall savings until that credit rate is set. If the retail rate of solar is used until the resource value of solar is determined, the rules or a subsequent docket must determine what happens for subscribers utilizing that interim rate. For example, would those subscribers be grandfathered in or can they change to the new rate if it is stronger? Certainty and fairness for participants in the program should be ensured.

2. Fees

We are glad the PUC is ensuring administrative costs of community solar are not paid by non-participants. However, given the likely higher upfront costs from the third party administrator (which appears to be uncapped), we do not think the developers and subscribers of the first few projects should absorb all of the initial cost. This method seems to unfairly allocate burden of cost on early developers and participants, and could artificially stall the program by disincentivizing early actors.

3. Timing

Finally, given the community desire to participate meaningfully in – and benefit directly from – the transition to clean energy, we would support a more rapid timeline and schedule to implement the community solar program. Streamlining the process for these projects would match the urgency of climate change and legislative intent to generate increased community-powered renewable energy quickly. Many pieces of the program can be put into place in parallel rather than stifling opportunities for projects in the near future.

Thank you for consideration of these comments. We look forward to a strong and successful community solar program that benefits Oregonians around the state.

Sincerely,



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