



# **Bonneville Environmental Foundation (BEF) Community Solar Rule Comments May 9, 2017**

## **Introduction**

BEF has been actively involved in Community Solar in various ways since 2008. Our organization has worked on 22 Utility sponsored projects in the Pacific NW which together exceed 2MW in total capacity. We are proud that Oregon has decided that Community Solar is a model that we as a state want to promote.

A number of other states have launched similar efforts and we have followed their progress and the lessons learned there can be used to help Oregon devise a successful program. We are pleased that the staff has made some significant improvements in the draft but there still exists a number of issues which we think will make it difficult to successfully launch the quantity of projects that we feel are needed to fill the public demand that exists among Oregon's residents and businesses.

As the State makes some important decisions about the kind of generation resources that we need going forward, we have an opportunity to scale Community Solar like no other state has been able to do. This could delay or eliminate needing to build any new fossil fuel generation. While we see great public demand for community solar the rules have to be simple enough to be enforceable but still allow for new, flexible ways to engage the community in helping to determine how best to decarbonize our economy.

Our comments follow the draft rules in order, divided by section:

### **Low Income:**

- Having a trusted organization in charge with low-income subscriptions and turnover is a great mechanism to enable the 10% program capacity target for participation. Having a single point of contact allows for a concerted effort to meet the 10% target, without disparate project managers and developers seeking the same goals.
- The legislation states the commission should incentivize participation in the program and no proposals have been made in the draft rules. It is here we would suggest that to incentivize participation, explicitly low-income, the commission

should allow all program costs associated with the low-income administrator and customer acquisition to be rate based.

- Low-income customers pay the public purpose charge funding renewable and energy efficiency but receive a disproportionate amount of the benefits in return. For this to be an equitable program, a focused policy such as this will help incentivize low-income participation.
- We are strongly opposed to placing the onus of low-income subscriptions on developers. This has been tried and failed in other states. Our legislation proposes a programmatic target for low-income participation, not project based. Since the program will have a low-income administrator we would suggest that that be the source for all low-income contact and subscriptions.
- We do not believe that “housing services” need to be included in the low-income section. The goal of the legislation was to provide direct access and benefits to low-income households and assigning their capacity to “housing services” may not even provide indirect benefits to low-income households. It makes no sense to assume that the 10% goal will not be met, and put in provisions and workarounds before the program is even rolled out.

#### Community Solar Program Funding:

- When “ongoing” costs are discussed for funding the administrators these need to be determined when a participant decides to purchase or subscribe to a project. Future unknown costs are not reasonable to put onto participants. A bill debit rate should be determined before a project is certified so participants know what they will contribute on an on-going basis.

#### Program Level:

- Per the legislation the Commission shall adopt rules that “at a minimum, incentivize customer of electricity to be owners or subscribers”. The proposal for achieving this goal is “non-financial” opportunities such as soft cost reductions. While this section may address the legislation’s language, it does not sufficiently outline a mean to provide quantifiable incentives. We would suggest a more targeted approach that would lead to reduced customer costs, or the flexibility to address this need at a future date, such as once the value of solar rate is adopted. Some examples would be, bill credit rate adders for low-income or other applications; Energy Trust incentives, REC sales, or simplified program compliance and certification.

#### Eligible Customers:

- Limiting participation to contiguous service territory is a discriminatory regulation that will create a fragmented marketplace across the state and severely inhibit development and participation for certain communities. This contradicts the legislation and the legislative intent to stimulate economic development in the eastern parts of the state while allowing western Oregon participants. For this rule to clearly contradict the legislation would be damaging to the program and is an example of an over-prescriptive rule rather than enabling a robust, versatile program.

- The proposed rules have loose language on participants not subscribing to multiple projects or even being affiliated with other projects. The definition of “affiliated” is unclear and potentially harmful language to the program and participants. There is also no clear reason why this is necessary, except to limit the amount of governmental/commercial/industrial participation. This attempt to limit via rule is unnecessary due to the small customer subscription requirements, system size, and overall program capacity tier, which will be naturally limiting. In addition, you may have scenarios where a business or housing provider may wish to host one system, participate in another, or direct clients/employees to another project. Limiting this type of “affiliation” is unnecessarily prescriptive and we strongly oppose the limiting of anything but subscriptions beyond a customer’s annual kWh usage.

#### Bill Credit Rate:

- Community solar provides an equitable solution for those who are not able to put solar on their own roof and receive the benefits. Those rooftop solar customers are able to receive a retail rate through net metering. In the absence of a value of solar rate there is good cause to utilize the retail rate as an interim rate, until the value of solar rate is established.

#### Project Certification:

- The revised draft rules are certainly better than the initial draft but still are burdensome and will add both cost and risk to potential developers. The rules need to lay out a clear, objective path to certification so that developers will have certainty that if they follow the path they are assured of certification. We suggest a one-stop certification path with very explicit deliverables, which the developer can rely on to ensure certification. All successful community solar programs across the country provide full regulatory certainty prior to starting construction or acquiring a customer base.
- No timelines are proposed for administrator or Commission review. This sets up the program for lengthy reviews with little visibility from project managers. We would propose standard review lengths for each step of certification.
- We understand the OPUC’s desire to protect potential CS customers but developers with unsubscribed portions of their systems will have an incentive to make every effort to subscribe the system because the unsubscribed portion will only receive their avoided cost PURPA rate. Therefore there is no reason for the State to be overly concerned about this issue. We suggest a one-stop certification process with clear criteria instead of the 2-step process include in the draft rule.

#### Conclusion:

BEF is very appreciative of the staff’s movement from the initial draft to the current draft. We are supportive of most of the changes but feel that our suggestions included above will improve the rules and result in a better overall program. Oregon has an opportunity to get the program off the a good start but experience with other states is that problems with implementation will no doubt arise and the need to amend the rules as we get

some real world operating experience will be critical. We believe very strongly that a major review should occur once the Value of Solar docket has concluded because this will be a critical unknown that will have a major impact on the rules going forward.

We have appreciated the OPUC staff efforts to engage stakeholders in devising these rules. BEF has been surprised and pleased to see an entire new set of diverse players that typically have not been involved OPUC dockets and proceedings. We hope that the effort to engage with all of these entities will continue as we implement and improve the rules going forward.

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