



Bureau of Planning and Sustainability

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Date: May 9, 2017
To: Michael Breish, Oregon Public Utilities Commission
Re: **City of Portland Responsive Comments to AR 603 Proposed Rules**

The City of Portland continues to appreciate the hard work and dedication of Commission staff in developing rules for community solar in Oregon that respond to the needs and interests of a large and diverse group of stakeholders.

In general, the proposed rules represent an improvement over previous iterations. However, it is our perspective that the proposed rules present enough restrictions and bureaucratic hurdles to cause genuine concern about the prospects for the development of a timely, healthy market for community solar in Oregon.

Our comments are grouped thematically for ease of comprehension. Specific numbered sections are referenced where necessary.

Administration

The City of Portland is concerned that the rules propose the development of a substantial, and potentially costly, bureaucracy to oversee and administer the community solar program. The Community Solar Program Administrator (CSPA), the Community Solar Low-Income Program Manager and the Community Solar Advisory Group each could take a long time to establish and represent multiple layers of administration and oversight. A bureaucracy of this scale and potential cost seems poised to adversely affect the ability of a robust market to develop here. For example, some of functions of the Community Solar Program Administrator outlined in 860-088-0020 (3), specifically sub-bullet (p) and (q), are duplicative of what some private-sector developers offer as part of their services.

Since the authorizing statute requires that the Commission ultimately “certify” projects, would it be possible for the rules to specify the details of how the Commission will respond to projects put forth for pre-certification or final certification by the CSPA? Would the Commission reject a pre-certification or final certification? Under what circumstances?

Further, no timelines for establishing these bodies or for the length of time between project pre-certification and final certification are provided in the proposed rules. Without timelines, essential market-building opportunities, such as the ITC, may be lost.

Portland encourages the Commission to consider an operation that is leaner and nimbler. Perhaps the CSPA could be given authority to sub-contract out the Low-Income Program Manager function, rather than tasking the Commission with running two separate competitive processes. Functions that are duplicative of the private-sector should be removed. Timelines and procedures that give greater clarity and certainty to the market should be included in the proposed rules.





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Eligible customers

Staff's proposal to limit participation to a single project per customer per utility service territory is too restrictive and appears overly cautious. Justification for the rule is not clear. This rule inhibits motivated customers at the individual level, which initially could help a nascent program be successful. It is also too limiting for municipal organizations and other potential "anchor tenants."

Under these rules, a potential subscriber in the anchor tenant category (subscribing up to, but no more than, 40 percent of a project's capacity) would have to select just one project from among many options. Larger customers have many meters, many competing needs and shifting interests, depending on the point in time at which the decision is being made. This restriction puts up a significant roadblock to the City of Portland, as well as to the development of a healthy market in Oregon.

This limitation should be removed. Instead, we suggest making this an element of program evaluation at some check point down the road, after the program has had time to gain traction. If evaluation demonstrates that too much program capacity is being taken up by either a small number of individual subscribers or too few anchor tenants, then this part of the rule can be revised based on actual implementation experience and stakeholder feedback.

Low-income inclusionary targets

The City of Portland welcomes the clarity in the proposed rules around the ten percent inclusionary target in the legislation. This represents an important and helpful step forward.

Evidence from other states that have tried to implement low income inclusionary targets suggests that it is challenging for a variety of reasons. For example, signing a long-term contract often presents a barrier to low-income subscribers. Oregon's rulemaking will hopefully reflect the experience of others that have come before us. This means that the low-income rules should be flexible, should allow creative solutions and should ensure that the bill credit attaches to individuals or to housing units that rent to low-income individuals who are eligible for the benefit.

There appears to be substantial concern among low-income advocates around 860-088-0170 (3) that allows "public or private entities that provide **housing services** to qualifying low income residential customers..." to count toward the capacity requirements outlined in subsections (1) and (2). If the benefit of participation in a community solar project is allowed to accrue only to property managers or building owners without flowing down to tenants, the City of Portland believes that the intent of the legislation or the program will not have been met.





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Incentives

The authorizing statute directs the Commission to “incentivize consumers of electricity to be owners or subscribers.” Portland is pleased to see that the proposed rules address the Commission’s ability to create (or eliminate) non-financial incentive opportunities for the program.

However, the proposed rules do not address financial incentives. It is the consensus of a broad range of stakeholders, with whom City staff engage on a regular basis, that without some financial incentive stream to accompany the low-income provisions of the statute, the low-income inclusionary targets will be difficult, if not impossible, to meet. We encourage staff and the Commission to fully consider what “incentivize” could mean in context of the low-income inclusionary targets and to develop rules that address financial incentives to support this aspect of program development.

The City of Portland appreciates the opportunity to comment on the proposed rules and we look forward to continuing our participation in this docket.

Sincerely,

Andria Jacob
Senior Manager, Energy Programs and Policy

