

BEFORE THE PUBLIC UTILITY COMMISSION

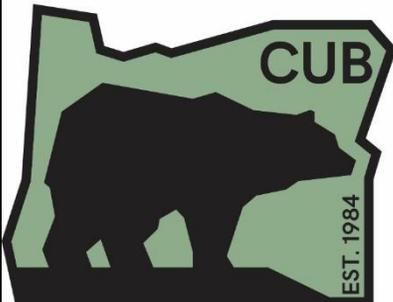
OF OREGON

AR 603

In the Matter of the)
)
RULEMAKING)
)
To Implement Community Solar Provisions)
of SB 1547.)
_____)

INITIAL COMMENTS OF THE
OREGON CITIZENS' UTILITY BOARD

May 9, 2017



BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

AR 603

In the Matter of the)
RULEMAKING) INITIAL COMMENTS OF
) THE OREGON CITIZENS' UTILITY
) BOARD
To Implement Community Solar Provisions of)
SB 1547.)
_____)

I. INTRODUCTION

The Oregon Citizens' Utility Board ("CUB") appreciates the opportunity to submit these initial comments on the Community Solar Program Proposed Rules ("Proposed Rules"). CUB recognizes the extensive work Staff has invested into hearing from stakeholders in workshops, conducting research, and crafting the Proposed Rules. CUB also wants to acknowledge Staff's responsiveness in recent weeks to stakeholders' concerns and adjustments to the Proposed Rules to address those concerns.

The Community Solar Program presents a new opportunity for customers to choose to meet their energy needs through solar power. Community Solar creates a new avenue for renters, low-income customers, and other individuals who would otherwise be precluded from accessing solar energy. At the same time, all ratepayers, including non-participating ratepayers, will assume the program's development and modification start-up costs, and SB 1547 requires the Commission to minimize any cost-shifting the program poses to non-participating ratepayers.

As an organization dedicated to advancing the interests of residential ratepayers, CUB believes that there must be a careful balancing of all utility customers' interests for the Community Solar Program to succeed. CUB commends Staff for their efforts to find that balance and submits these initial comments to address areas where further refinement of the Proposed Rules are needed. In particular, CUB believes the success of the program may be jeopardized if the administrative process is too lengthy and instills uncertainty, the program funding rules are not clarified, or overlapping restrictions on project development stifles interest in the program.

II. COMMENTS

A) An Extended Administrative Process Will Increase Costs and Uncertainty.

CUB is concerned that the Proposed Rules' administrative process will add unnecessary costs to project development, thereby raising participant costs, and reduce the likelihood that project managers are able to obtain the full Federal solar investment tax credit ("ITC"). CUB recognizes that the processes proposed are intended to provide consumer protections, program transparency, and ongoing oversight over the health and integrity of the program. However, CUB is concerned that the absence of process deadlines, clarity as to how guidelines required by the Proposed Rules will be developed, and duplicative approval steps create a lengthy process rife with uncertainty. Indeed, by CUB's estimation, it will likely be two years or more before a community solar project is built in Oregon.

CUB recommends that the Commission (1) set time frames for development of the community solar program so stakeholders are clear how the process will proceed; (2) provide firm time limits for the multiple review and approval steps in the program development and certification process; and (3) seek to consolidate proposed procedures to streamline the

administrative process. Staff has stated that there will be a second phase in the community solar rulemaking proceedings that will address a number of additional issues. Because CUB is unclear as to whether time lines and process consolidation will be addressed in any subsequent phase, CUB suggests the following actions now. CUB believes the actions below will expedite the administrative process without jeopardizing the benefits that process provides.

- (1) The Commission should affirm that the competitive process for the third-party administrator will be issued concurrently with the competitive process for the low-income manager. The Commission should also provide a time frame for the selection process. CUB believes 90 to 120 days should be sufficient to select the administrator and manager.
- (2) The Commission should clarify what steps must be finalized before the third-party administrator accepts applications into the community solar program. For the sake of process transparency, the Commission should outline a time frame for completion of the program implementation manual, and development of the third-party administrator's website.
- (3) The Commission should consolidate two steps in the application process and allow project managers to register and submit a project pre-certification application at the same time. Further, to ensure an expeditious process, the Commission should set a time frame for the third-party administrator's review of the project manager's registration and pre-certification application.
- (4) Pre-certification and final certification applications that have been approved by the third-party administrator should be forwarded to the Commission for informational purposes only. Requiring project managers to receive a second pre-

certification and final certification approval from the Commission, after already gaining approval from the third-party administrator, seems unnecessarily duplicative. Furthermore, in the unlikely event that the third-party administrator pre-certifies a project that raises concerns with the Commission, it always retains the authority to investigate that project further.

B) *The Program Cost Rules Instill Uncertainty.*

While CUB appreciates Staff's edits to the original Program Cost Rules, CUB believes greater clarity is needed to determine what program costs are "administrative" and "ongoing." CUB appreciates that SB 1547 draws a distinction without a definition between "start-up costs", which may be recovered in utility rates, and "ongoing costs" which must be borne by community solar participants only. However, the current program funding rules provide identical definitions of what costs are "administrative start-up costs" and "ongoing costs." This uncertainty will undeniably pose additional risks to project managers who must calculate all costs as closely as possible to give potential customers an accurate representation of their project.

Additionally, it remains unclear how the third-party administrator's prudently incurred costs are recovered. While utilities have experience with establishing the prudence of costs, it may be more complicated if the third-party administrator is asked to justify their costs. There is also the question of how the programmatic start-up costs which may be recovered from all utility ratepayers will be apportioned. CUB suggests that these costs be divided among the three electric utilities' based on each utility's load.

C) Overlapping Restrictions May Stifle Program Success.

The Proposed Rules contain a number of overlapping project development restrictions which are likely intended to create a manageable roll-out of the program. However, CUB has identified a number of restrictions that may be overly limiting and thwart interest in the program.

First, limiting a utility customer to participation in one community solar project potentially constrains a project manager's ability to obtain an 'anchor tenant' and the financial certainty that such a participant brings to the entire project. CUB wants residential ratepayers to have ample access to community solar projects. But CUB also recognizes that a project that has a 40% anchor tenant adds a level of certainty that benefits the residential participants as well. CUB has previously expressed concern that large commercial customers' interest in the program could effectively exclude residential ratepayers from participating. However, CUB believes Staff has already adequately addressed these concerns through the requirement that 50% of a project's nameplate capacity be reserved for residential customers. CUB also finds the addition of the word "affiliated" to be confusing and unnecessary. It would be helpful if Staff could explain the meaning in the context of the Proposed Rules.

Second, CUB is concerned with the additional requirement that a customer may only participate in a project in the same "contiguous service territory where the project is located."¹ CUB sees this as an unnecessary restriction to participation that does not appear to be based on any clear rationale.

¹ 860-088-0010.

D) *Additional Issues*

The Proposed Rules require a number of representatives from specific communities to participate in the Community Solar Advisory Group.² CUB believes the program would benefit from having a consumer advocate as a designated member of the Advisory Group as well.

II. CONCLUSION

CUB thanks Staff again for their diligent work on this docket and we appreciate the opportunity to contribute towards making Oregon's Community Solar Program a success. We look forward to continuing to participate on this matter, including at the May 22, 2017 hearing.

² See 806-088-0050.