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OSEIA

Joint Initial Comments on Behalf of the Coalition for Community Solar Access and the Oregon Solar Energy Industries Association in AR 603
19 May 2017

Introduction

The following joint comments are provided by the Coalition for Community Solar Access (CCSA) and Oregon Solar Energy Industries Association (OSEIA), hereafter referred to as "Solar Parties." We appreciate the opportunity to provide this feedback on the structure and development of Oregon's community solar program.

CCSA is a national business-led trade organization that works to expand access to clean, local affordable energy nationwide through community solar. Our mission is to empower energy consumers, including renters, homeowners, and households of all socio-economic levels, by increasing their access to affordable, reliable clean energy. CCSA, in partnership with a thriving network of non-profits, affiliate trade associations, and allied stakeholders, serves as the central voice for the community solar industry in developing vibrant and sustainable markets for community solar. Having led community solar project development and customer engagement across the country, our members are uniquely positioned to comment on the challenges and opportunities for community solar in the State of Oregon.

OSEIA is a trade association founded in 1981 to promote clean, renewable solar technologies. We work with industry leaders, academic scholars, legislators, government, and non-profit agencies to advocate for solar technologies and raise awareness of its potential to help secure an affordable, reliable, and clean energy future. On behalf of its 90 member businesses and organizations, OSEIA supports a progressive legislative and regulatory agenda that fosters the development of solar technologies, their residential and commercial development, and the potential for utility scale production. OSEIA promotes and advances solar energy utilization and commercialization through education and advocacy, ensuring that solar energy plays a significant role in Oregon's renewable energy portfolio and making the Oregon solar energy industry nationally competitive. OSEIA's mission is to make solar energy a significant energy source by expanding markets, strengthening the industry, and educating Oregonians about the benefits of solar energy.

Given our combined national and local perspectives, our organizations represent a comprehensive understanding of both the drivers and challenges of community solar policies.

Overview

The Solar Parties appreciate the effort invested in developing the Public Utility Commission (Commission) Staff's proposed rules and we believe this work has resulted in a number of strong

aspects to the program. However, we believe these proposed program rules will not succeed in spurring significant project development in the state. The proposed rules describe a complex administrative process that appears to require community solar developers to invest millions of dollars to build projects and acquire customers without certainty of being accepted into the program, and potentially unclear project economics or the eventual size of the program. It includes a mixture of areas that are either restrictive where flexibility should be enabled, or conversely too much flexibility is granted where more certainty is needed. The proposed rules also do not provide a clear signal that the program will incentivize participation, as directed by the legislation[1], or that tools will be made available for establishing this key objective. Given these uncertainties and costly hurdles, interest in the program is likely to be low, leaving customers without the opportunity to participate in a robust community solar program.[2]

The Solar Parties are hoping for a different outcome whereby Oregon puts the West Coast on the map as a thriving community solar market, driving economic development and high customer participation.

We have outlined in these comments a list of issues, addressing the most critical among them first. We provide a critique of the concerning rule components for these categories while also providing recommended solutions to addressing those concerns. Following the "critical issues" we discuss "problematic issues" that could also have real negative implications for the program, particularly when taken in aggregate.

While we caution against various aspects of the rules in their current form, we believe there are several positive aspects of the proposed rules such as:

- Being relatively comprehensive in navigating the legislation and incorporating practices from other markets;
- Enabling a third-party administrator (if not overly complex and costly) to be an efficient tool for facilitating key program functions;
- Leveraging a low-income program manager (with appropriate power and responsibilities) to achieve low-income participation without undermining the program, and allowing for flexibility in the eligibility of low-income representative entities. (Note, however that it is not entirely clear to us whether this role needs to be reporting to the third-party administrator or whether this role could be a critical component of the third-party administrator's job itself.)
- The introduction of on-bill debiting represents an innovative opportunity for the industry to improve the community solar experience for consumers and make the program more scalable, as well as more balanced from a competitive standpoint if electric companies are able to participate as Project Managers. We do flag that it will be

[1] Enrolled Senate Bill 1547. Section 22. Solar Program (Community Solar Projects). 78th Oregon Legislative Assembly, 2016 Session.

[2] California's Green Tariff Shared Renewables (GTSR) program provides a unique example of a market where a low credit rate (poor economics) combined with complicated and burdensome administrative requirements (high risk) has resulted in – at least currently – a failed program.

critical to maintain flexibility in the implementation of on-bill debiting so as not to interfere with private agreements.

- A reasonable initial program size for ensuring adequate opportunity for participation and low risk of market entry for developers, though we recommend that trigger points be changed and clarified in the rules for establishing a successor capacity tier. We would also support some level of assurance that a diversity of project types and sizes are able to participate in the program.
- The establishment of an "Advisory Group," if given enough power to influence material aspects of the implementation process and ongoing program, will play an important role informing the program's direction and ultimately success.

The recommendations in these comments are intended to enable market interest and competition by reducing unnecessary complexity and uncertainty while maintaining an emphasis on consumer protection, customer interest, and lower program costs without compromising the integrity of the program. We believe our recommended changes will allow the rules to meet the requirements laid out in statute and enable the development of a robust market.[3] The proposed rules contain far too many complexities and uncertainties to be successful, despite certain positive structures. Further modification or clarification is needed for each of the "critical issues" below - and ideally many of the "problematic issues" - to allow for community solar program success in Oregon.

Critical Issues

The following topics represent issues in the Staff's proposed rules that raise "critical" concerns for the Solar Parties due to their ability to potentially undermine the success of the program. The topics discussed include:

1. Credit Rate
2. Project Certification Process and Requirements
3. Eligible Customers
4. PPAs and the Treatment of Unsubscribed Generation
5. Program Implementation Process and Timeline
6. Incentives for Participation
7. Electric Company Participation
8. Ongoing Administrative Costs and Recovery
9. Interconnection

Credit Rate

The Solar Parties were very disappointed to see that the proposed rules provided essentially no guidance beyond what is stated in the legislation with regards to the credit rate for the program.

[3] Enrolled Senate Bill 1547. Section 22. Solar Program (Community Solar Projects). 78th Oregon Legislative Assembly, 2016 Session.

The credit rate is the foundation of project economics; put simply, the credit rate must be defined for the program to have any validity. Until that step is taken, the State of Oregon does not have a community solar program.

These rules provide an opportunity to create additional parameters for that rate, regardless of whether the resource value of solar (RVOS) is available. The rules should establish parameters on what institutes "good cause" for using a rate that is not necessarily the exact resource value of solar.

In particular, an interim credit rate must be established now, in the rules, to quell fears that the program roll out will be delayed due to a dependence on the outcome of the resource value of solar docket. The rules and the program overall have no practical validity without a defined, clear, and effective credit rate. We recommend the participant's retail rate as the logical starting point for discussion of an interim credit rate. At least initially, this would put participants on a level footing with those customers lucky enough to have their own rooftop solar system. If this rate proves to be inadequate to develop projects or to "incentivize participation" as called for in the statute[4], the Commission could include an adder (e.g., a percentage increase over the retail rate or a flat cent value increase).

Further, "good cause" should also be defined as providing the ability to "incentivize" participation in the program, since this would be a logical vehicle for doing so. Adjustments to the credit rate may also be deemed necessary If the rules essentially remain silent on the credit rate the program is at risk of ongoing delays both outside of its control in the case of the resource value of solar, as well as within its control whereby new orders or rules will need to be established.

At the very least, a process and working group should be established with the sole purpose of determining the credit rate(s) for the program. The result of the resource value of solar docket may not even produce a logical rate or methodology applicable to the community solar program. For example, it could be that different rates would need to be established based on differences in project sizes or types. The Commission should not "wait and see" but rather make proactive steps now to ensure that the credit rate is not the missing piece holding back the program's eventual roll out.

The Solar Parties are also concerned with limiting the review – and we assume update – of bill credit rates to every two years. While we are supportive of avoiding administrative burdens and costs, we would caution that if there's a bill credit rate which is not stimulating program participation then it would be better to make an adjustment sooner rather than later. It could be that a simple clarification is needed here that "good cause" could initiate a review ahead of the scheduled biennial review.

[4] Ibid.

Project Certification Process and Requirements

The project certification process in the Staff's proposed rule presents several fatal flaws and critical issues that create very high levels of risk and uncertainty for potential Project Managers in addition to unnecessarily increasing costs for participants.

- **Requiring Project Construction and Customer Acquisition Prior to Certification Represents a Potentially Fatal Flaw for the Program.** It is unreasonable to expect Project Managers to make the two most capital intensive investments in a community solar project (building the system and acquiring the customers) *before* the project has even received full program certification (i.e., legally binding assurance that it has all regulatory approvals needed to secure a spot in the program). This requirement would be synonymous with building a project that does not yet have an interconnection agreement and/or power purchase agreement. As with interconnection, there can be conditional requirements for operating in the program (e.g., even if you have an interconnection agreement, you still need to go through a witness test and be approved to interconnect, etc.), but there must first be a legal commitment made which assures the Project Manager that their project is accepted into the program, and is approved to operate once those final minimum requirements are met (e.g., such as hitting a minimum subscription level).

  The confidence level for being accepted into the program should be 100% *prior to* building a project that costs potentially millions of dollars. Customer acquisition, which is the greatest incremental cost associated with a community solar project, is alone a great risk and cost to Project Managers and their financiers. This cost is compounded further by the marketing and customer acquisition process required for a project not yet certified in the program, which represents a less tangible and therefore riskier and/or less enticing value proposition to customers. All successful community solar programs across the country provide full regulatory certainty of program inclusion prior to starting construction or acquiring a significant portion of the customer base – this includes programs in CO, MN, MA, NY, MD, and RI.

  Staff has indicated they're aware of this project development challenge, and that there will be complete transparency and certainty regarding the qualifications and expectations associated with moving from "pre-certification" to "certification." While these verbal assurances are welcomed, they are irrelevant without clear and unambiguous processes laid out in the program rules. We remain concerned with the lack of clear review criteria provided in the actual proposed rules and the layers of review and approval involved in the certification process (as highlighted in the following bullets). Those criteria need to be crystal clear, as does the assurance that costs associated with the program (administrative costs, credit rate, PPA terms, etc.) are all stable ahead of any marketing or customer acquisition process.

  That said, a minimum subscription requirement prior to allowing a project be *interconnected and/or operational* in the program might be a reasonable hurdle, so long

as the certification (or some legal equivalent) for participation in the program is guaranteed first. Similar to a witness test or other last step of approval required before systems can interconnect, the community solar program could certify projects with a conditional requirement that they may only interconnect or be operational in the program upon demonstrating some level of minimum subscription.

Another approach to this topic is to provide even broader guidelines in the rules and leave the refining of specific details to an implementation process involving the Solar Advisor Group and third-party administrator.

- **Too Many Approval Steps and Vague or No Timetables.** The proposed rules include four steps to project certification: pre-certification through the administrator; pre-certification through the Commission; certification through the administrator; and certification through the Commission. It is unclear what timeframes or deadlines there may or may not be for the administrator and Commission for their respective reviews, or whether any progress should be demonstrated during the 18-month window between pre-certification and certification. Each of these steps increases administrative costs and burden for the program and increased uncertainty and delays in project development, all of which results in higher financing costs and thus higher costs to be passed along to customers and ratepayers. It is also unclear why these seemingly duplicative steps are all needed, as they simply increase costs, uncertainty, and risks.

  We recommend a simplified review and approval process, outlined in detail further below. That said, another modification to the proposed rules could be for the Commission to determine pre-certification and certification, and for the third-party administrator to be responsible for helping the Project Manager's achieve that certification. In that way, the third-party administrator is a facilitator and the Commission maintains its regulatory role to certify projects.

- **Lack of Clear Review Criteria.** The proposed rules note relatively vague prerequisites for pre-certification such as "interconnection documentation" and "project permitting" in addition to less quantifiable criteria such as: a project overview; a comprehensive plan for meeting the 5% low-income requirement; proposed forms and contracts for participants; and potentially marketing materials. These types of criteria lack clear guidance (i.e., checklist) for Project Managers who will be trying to determine what they are being scored on and/or compared against. It also creates the risk of a more subjective review process to occur during one or all of the four-step review process.

  The rules are also not clear regarding the profile of participants making up 50% of a project's capacity, with regards to moving from a pre-certified project to a certified project. It's not entirely clear whether the 5% low-income capacity can count toward the minimum 50% of the project's capacity in meeting this certification requirement, nor whether the profile of that capacity must be all residential and small commercial customers or if it can consist of larger commercial customers. If this minimum threshold

is to remain, the Solar Parties would strongly advocate that the minimum subscribed capacity be allowed to consist of both larger commercial customers and the low-income requirement and not require specific residential or small commercial participation. This clarification would have a significant impact on the financeability of a project, and would ensure Project Managers can first establish an anchor tenant for their project – as is common practice for the industry – before commencing the more challenging and costly customer acquisition effort associated with reigning in potentially hundreds of smaller sized customers.

That said, as mentioned previously, the concept of a minimum subscription requirement is unworkable without certification or legal equivalent that the project has been at least conditionally accepted into the program. Without a legal commitment by the Commission ahead of those investments (in the system and in customer acquisition) no responsible Project Manager or associated financier will participate in the program.

Finally, it's unclear whether the proposed rules are expecting projects to result from "new construction" in the program, or whether existing operating systems could potentially be applied. The Solar Parties are adamant that the program result in new projects being built and that existing facilities not be eligible. We also recommend that these result from new interconnection applications, rather than leveraging projects that happen to be in the queue (i.e., carried over from before the program even existed). However, we make this recommendation regarding "new" interconnection applications with the added disclaimer that a deeper evaluation of the interconnection process is required to determine whether the Electric Company processes are up to the challenge of processing interconnection applications in a timely manner.

- **Intrudes Unnecessarily on Competitive and Confidential Project Manager/Participant Relations**. The proposed rules suggest there will be required terms and conditions in standard contracts between Project Managers and their participants. The Solar Parties do not object to requiring that certain categories be covered in the terms and conditions, such as portability and transferability, or that standard disclosures be used for ensuring participants are fully aware of the costs, risks, and benefits associated with their respective contracts. In fact, we view these as best practices in protecting consumers and are policies the industry has supported throughout other markets.[5]

  However, we are opposed to sharing proposed contracts, having the details of contract terms and conditions be dictated by the Commission, or having restrictive guidelines imposed regarding project marketing. These are bilateral agreements not subject to Commission review, and the legislation does not require or even mention Commission

[5] For more information, see *The Residential Consumer Guide to Community Solar*, published jointly by the Solar Energy Industries Association and CCSA, available at: http://www.seia.org/sites/default/files/Residential%20Consumer%20Guide%20to%20Community%20Solar%20-%20FINAL.pdf.

oversight of the Project Manager-Subscriber relationship.[6] Injecting itself into those arrangements and sharing these contracts can pose significant consumer protection risks, as those contracts contain personal information and may become subject to public records requests and data breaches. Further, the variability in design and mechanics of different community solar projects also requires associated differences in contracts. This diversity enables competition and ultimately more options and lower costs for participants and, for this reason, no successful community solar program across the country has prescribed specific contracts or contract terms.

Staff has indicated that there is *not* an intention to "prescribe" contract terms and conditions beyond simply ensuring that specific categories are covered (e.g., portability and transferability). The Solar Parties are encouraged by this verbal confirmation, however we request that the rules be made clear in this regard. We also remain concerned with a requirement to provide example customer contracts as part of the pre-certification review, and how and why those would be evaluated. The Project Manager's signing of a "consent" contract to be in the program (Sec. 860-088-0140) should provide the appropriate disclosure and self-certification by the Project Manager confirming their contracts cover specific contract categories as required in the rules. Further, the standard disclosures that a Project Manager is to provide to their customers is an additional backstop to ensuring various contract terms and conditions are transparent. Lastly, we must ensure that if an Electric Company is approved to serve as a Project Manager that they are not allowed special access to viewing contract terms associated with third-party (non-utility) agreements with customers.

We understand the Staff's concern with wanting to ensure these projects are subscribed (i.e., truly community solar) and that no consumers are harmed in the process. However, there are other more reasonable mechanisms in place that will achieve these objectives, while at the same time enabling a greater number of projects to be viable, and at a lower cost to participants.

The following provides a simplified summary of a certification process that would be efficient and effective and avoid many of the issues highlighted above with regards to the two-step process in the proposed rules.

1. Project Manager signs a contract with the Administrator that details standard required conduct for participating in the program.
2. Project Manager submits application for project certification, including:
    a. Site control;
    b. Proof of obtaining all land use approvals and discretionary permits; and
    c. Interconnection agreement[7].

[6] Ibid.

[7] The PUC should conduct a workshop for determining the how the interconnection process intersects with this program and whether adjustments are needed to ensure the interconnection queue does not become a costly bottleneck for the program. Experience from other markets highlights the critical role this plays in determining the program's initial success or

3. Administrator reviews submission within 10 days and – if it meets the prerequisite requirements – accepts the application and sends to Commission as a recommendation for certification.
4. Commission reviews administrator's recommendations and certifies projects (based on same review criteria used by administrator) within 10 days. If the Commission rejects the project, it must be for clear and justifiable reasons, and Project Managers must be given the opportunity to cure any deficiencies. Once this step is complete, the project is counted toward the capacity cap for the program.
5. At the discretion of the Project Manager, the Electric Company and Project Manager establish a power purchase agreement (subject to PURPA requirements) for all unsubscribed generation associated with the project.
6. Project Manager has 12 months to build their project and have it ready for interconnection. Extensions are automatically provided if the project is only waiting for utility work to interconnect, and may be granted for good cause or other justifiable reasons.
7. Project is interconnected by the Electric Company and begins allocating credits to participants identified by the Project Manager.

This basic process ensures only legitimate projects obtain program capacity and, once certified, must be built and operating in a timely fashion to avoid being bumped out of the queue. The concern with projects being adequately subscribed is directly addressed through the mechanisms for penalizing unsubscribed generation (see next bullet).

Eligible Customers

The Solar Parties are very concerned with several restrictions imposed on customers in the proposed rules. These limitations will arbitrarily reduce or eliminate the opportunity for some customers or even entire segments of customers to participate in the program and thus endanger the entire program.

- **At the very least, customers should be able to participate in a project located anywhere in their Electric Company service territory.** The legislation states that a community solar project "may be located anywhere in this state[8]," with the clear intent of allowing Project Managers and customers with an opportunity to leverage creative solutions to the Pacific Northwest's solar resource conundrum.[9] The proposed rules disregard this directive from the legislation without clear justification or any indication that it may be evaluated further and instead limit projects to being located only in Electric Company service territories.

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failure. See for example the significant delays seen by the markets in NY and MN until interconnection processes were clarified and strengthened.

[8] Enrolled Senate Bill 1547. Section 22. Solar Program (Community Solar Projects). 78th Oregon Legislative Assembly, 2016 Session.

[9] Solar resource availability east of the Cascade Range can be ~30% greater relative to that west of the Cascades. (PV Watts)

Even worse, the proposed rules state that a customer is only eligible to participate in a project located in the same "contiguous service territory." The Solar Parties interpret this to suggest that customers of Portland General Electric (PGE) could participate in a project located anywhere in PGE's territory, while a customer of Pacific Power would only be able to participate in a project that is located in within the respective territory "pocket" for which the customer resides. For example, a Pacific Power customer living in Northeast Portland could only participate in a project located in Northeast Portland, despite the extremely limited and costly land or rooftop space available for solar development. It's worth noting that industry estimates put national average non-residential (rooftop) system prices at over 50% higher than utility-scale (ground mount).[10] Such high project development costs coupled with a limited number of customers to market would result in little to no opportunity for various pockets of Pacific Power customers to participate in the program. This level of discrimination would have the exact opposite result intended by the plain language of the legislation.

- **We are very opposed to limiting a participant's subscription to a single project.** This could have negative impacts from a customer perspective (e.g., the City of Portland could only subscribe to 1,200 kW in the entire program), in addition to creating potential challenges for Project Managers seeking motivated participants. Since smaller-sized customers are assured participation through subscription allocation restrictions, larger commercial customers should at least have the option to participate in multiple projects.

  The current proposed rules state that even entities "affiliated" with a participant would be prohibited from participating in the program. This term could be extended very broadly (e.g., only one Portland public school might be able to participate?), and represents a flaw that will make many large customers jaded by the program.

These limits on participation could also have implications for achieving the low-income targets. For example, if there is a limit on the number of housing entities – and affiliates – that are able to participate in the program, the ability to incorporate 5% participation in all projects and/or meet the programmatic 5% target could be compromised. Further, low-income participation in Pacific Power territory may be harder pressed to meet targets if project development is too expensive in their "island" of service territory to support Project Manager interest.

The simplest restrictions should be used at the outset of the program - i.e., 40% limit per project, and not above on-site consumption annual level. These restrictions, in addition to a reservation for residential and small commercial capacity, will maintain natural limits on any one entity dominating the program's capacity. Finally, the Solar Parties' understanding is that the Direct Access program has failed to provide large commercial customers with a viable alternative to participating in the costs and benefits of solar generation aside from onsite

[10] GTM Research & Solar Energy Industries Association. *2016 Year in Review*. (2017)

generation, and that those customers would therefore would be an appropriate market for community solar.

PPAs and the Treatment of Unsubscribed Generation

The proposed rules suggest that unsubscribed capacity will only be compensated for up to 10% of a project's capacity and that eligibility for this only occurs after 50% of the project's capacity is subscribed. Therefore, a Project Manager will essentially need to guarantee to their financiers that at least 90% of the project will be subscribed by day one of being certified (and therefore operational). This represents a significant risk – and therefore cost – to financiers evaluating whether to support a project. No other major program in the country carries this type of burden starting at the outset of the project's official entrance into the program.

Customer acquisition, particularly for residential and small commercial customers, takes time and investment by Project Managers as it involves market research, target marketing, customer interaction and negotiation, and ultimately individual contract signing. Further, many customers want to see their projects operational (or nearly operational) prior to subscribing. When the program rolls out, there will be a learning curve for both Project Managers identifying effective marketing for the region, as well as for prospective participants learning about "community solar" for the first time. Customer acquisition will become somewhat less challenging when the Project Manager is able to advertise an actual operating, certified, project, but even then it typically takes several months to achieve full subscription.

The most common and best practice is to rely on the disincentive of unsubscribed generation to be compensated at the "as-available" avoided cost rate. This provides a significant ongoing financial motivation for Project Managers to keep projects fully subscribed. The margins in the solar industry are too slim for projects to be viable if relying on the "as-available" avoided cost rate for a significant portion of output, and no financial investor is likely to back a developer that appears incapable or unqualified to maintain full subscription of the project. This is particularly true for projects limited to 3 MW-ac in size. In other words, projects are not finically viable with unsubscribed energy rates.

If the Commission's perspective is that the program will be abused by Project Manager's willing to take a loss on their project by allowing sizeable portions of capacity to be compensated at the avoided cost rate – an assertion the Solar Parties wholly disagree with - there are other reasonable measures that can be utilized. One example is to include a step-down approach whereby Project Managers may be compensated for unsubscribed generation for up to 50% of the project's capacity in the first year, 25% in the second year, and 10% in the third year. In essence, there should be some level of grace period in recognition that initial customer acquisition of a project is challenging.

The Solar Parties are not aware of a market where developers are required to sign over unsubscribed generation to the utility. Some markets in New England allow the "host" account to bank excess credits which can then be applied to other participants as available, with any year-end outstanding credits simply not allocated rather than technically given away. This presents another interesting option. All that said, beyond impacting the financeability of a project, the Solar Parties are concerned that if energy is being delivered to the utility and

ratepayers, is it even legal to avoid compensating the generator? What if these projects are certified qualified facilities (QFs)?

Program Implementation Timeline

The Solar Parties are concerned with the number of potential steps needed between the time the rules are adopted and the program is available for customers. The proposed rules frame an implementation strategy involving a request for proposal (RFP) for an administrator and low-income manager; time to get the program processes and infrastructure in place; and, we assume, time for utility tariffs to be filed and reviewed and approved. There are also several areas where the Commission will need to determine various aspects of the program by additional rules or by order (involving their own processes) which could cause further delays. All of this, and a potential wait for a resource value of solar or an extended delay in explaining how the bill credit will be established, and it becomes easy to assume a delay of more than a year before any part of the program becomes operational.

The market is ripe in Oregon for community solar and the Legislature made a clear statement of a desire for an operational program. It is conceivable that the timeline envisioned by the proposed rule could result in a program start-up not occurring for over two years after the enabling legislation was adopted (particularly if the start-up waits for conclusion of the resource value of solar docket). The legislature likely did not expect that kind of lag time.

Customers are interested; developers are interested. Long delays in actually getting the program operational will send project development investment dollars elsewhere and lead to consumer frustration, effectively silencing the current buzz and momentum building in the Oregon market. In addition, the federal investment tax credit (ITC) – one of the most important policy mechanisms supporting solar deployment – is set to decline in value each year starting in 2020. Not leveraging the full value of this federal incentive is a wasted opportunity for the state and will ultimately result in more costly projects. We hope that this is a non-issue and that projects will be able to begin construction within months of the rule being adopted, but the ill-defined and time-consuming processes and administrative tasks outlined by Staff combined with long project development timelines in Oregon make this a real concern.

We recognize the Commission is busy with several dockets which is all the more reason to establish some hard deadlines for key implementation milestones, such as: the selection of an administrator; development of an implementation manual; tariff filings by Electric Companies; and ultimately an "effective" date for the program to be open for business. Without establishing required timelines, the Commission risks letting the program circle in a perpetual implementation process that will be a disappointment to developers and customers, as well as the legislature which enabled the program. Developers, customers, and policy makers expect this program to be rolling out within the same year that rules are adopted.

Incentivize Participation

The legislation enabling community solar in Oregon made a clear statement that the Commission shall adopt rules that, "at a minimum," "incentivize consumers of electricity" to

participate in the program.[11] Though the mechanics of how incentivization occurs are not identified, the directive from the legislature is indisputable. The program needs to be successful. The Solar Parties are concerned with what appears to be overly prescriptive and potentially undermining guidance in the proposed rules, stating that the "Commission can create or eliminate non-financial incentivization opportunities including mechanisms to reduce soft costs of community solar development." We are opposed to the rules unilaterally determining that only "non-financial" incentives could be leveraged. We have two primary issues with this interpretation: 1) "non-financial" needs to be qualified as it seems any incentive must have some financial impact (cost or benefit) to the program and/or participants if it's to actually "incentivize" participation; and 2) it does not make sense to reduce the flexibility of an aspect of the program that may prove to be critical to its success. At best, the language in the current proposal seems to give little thought and much restriction to a legislative mandate; at worst, it attempts to avoid the mandate altogether by labeling as "incentives" actions that provide no meaningful support or growth to the program.

In a recent national survey of respondents interested in using solar electricity (or already using solar), 65% stated the reason was to lower their energy costs, while 38% stated it was to help the environment.[12] This is consistent with other surveys conducted in recent years, including a local survey conducted by a Portland State University student which found strong evidence that a strong value proposition drives customers' interests to participate in a community solar.[13]

While community solar represents an opportunity to leverage economies of scale and provide solar to customers at a lower cost, it still represents a relatively young industry that would benefit from some level of incentive support. This is particularly true if there are high costs placed on participants associated with the ongoing costs of the administrator, low income manager, and potentially other areas administrative costs. It is also a factor with regards to facilitating participation by residential and small commercial customers, which represent greater costs for Project Managers compared to partnering with just a few larger commercial customers.

It is also worth noting that incentives for community solar are in many ways more cost effective than incentives provided to other market segments because it is something that is available to all customers regardless of property ownership or other limiting factors. Further, the economies of scale leveraged with a community solar project can reduce the incentive value relative to those offered to other market segments and ultimately reach more customers at a lower overall cost.

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[11] Enrolled Senate Bill 1547. Section 22. Solar Program (Community Solar Projects). 78th Oregon Legislative Assembly, 2016 Session.

[12] Shelton Group & Smart Electric Power Alliance. What the Community Solar Customer Wants. Found at: http://utilitysolar.report/.

[13] Weaver, A. *Renewable Energy & Community Solar Questionnaire.* Portland State University. April 2017.

Given the major uncertainties that remain with regards to the economics of projects in this program – i.e., no credit rate from which to base an evaluation – the option to leverage various tools that could incentivize participation should not be restricted at the outset of the program.

In fact, more areas should be highlighted as potential mechanisms for incentivizing participation, such as: reducing or eliminating program administrative costs (for third party administrator and/or low-income program manager) and as a potential adder to the credit rate(s). As with so many aspects of the program that still require some refining through the implementation process and/or adjustments during the ongoing administration of the program, the mechanism(s) for incentivizing participation should not be overly prescribed in the rules, but conversely enable greater opportunities for leveraging.

Electric Company Participation

The Solar Parties appreciate the recognition in the proposed rules for requiring special treatment with regards to Electric Company participation as Project Manager's in the program. However, the parameters are vague and potentially mean very little without an underlying policy. For example, requiring that Electric Company marketing be reviewed, yet providing no indication as to what policy or criteria will be used to guide that review. The rules are where a strong foundational policy and parameters regarding Electric Company participation should be established. The Solar Parties – and likely just about all stakeholders and policy makers – will view this program as a failure if it only results in projects developed and owned by Electric Companies.

All of the challenges highlighted in these comments are amplified by the fact that third-party developers will potentially need to compete with regulated Electric Companies. The solar industry and advocates has voiced specific concerns with electric utility participation. In particular, the Solar Parties believe that every attempt should be made to achieve a "level playing field," which is necessary to ensure that all Project Managers can compete and operate on equal footing. Our concerns are centered around fairness and whether a level playing field will be established with regards to third-party developers competing with electric companies as Project Managers in the program. Examples of advantages an Electric Company may have include internal control of the interconnection process; access to customer data; access to unique marketing channels (e.g., bill inserts, email connection, etc.); and ability to tap lower-cost financing - particularly in acquiring low-income customers. There is also the potential, whether direct or indirect, for rate-based funds to go toward cost recovery of project costs that should have otherwise been captured by the participants.

For these reasons the Solar Parties stand by the recommendations made by the Commission Staff in UM 1746 Public Meeting Memo (Oct. 12, 2015), which stated the Staff's first recommendation that an Electric Company should not be allowed to own a project unless it was through an affiliate entity. Similar to the Solar Parties' concerns, their reasoning was that this would avoid accounting and administrative complexity while encouraging fair market competition. Staff added that the use of an affiliate would avoid the risk of stranded assets by a regulated utility and that ratepayers already have access to voluntary green energy programs through the Electric Company.

That said, Staff noted that *if* the Commission did in fact enable regulated electric companies to participate as Project Managers and owners that there should be parameters established to mitigate the concerns mentioned above. The following includes excerpts from that memo:

1. *The subscription rates the regulated utility charges to subscribers along with terms and conditions should be regulated by the Commission.*
2. *The regulated utility agrees that it will not seek recovery of costs from non-subscribing ratepayers. If shareholders expect a return on CSR investments, then they should seek that return from subscribers, not all ratepayers.*
3. *Require a diversity of ownership types in the Request for Proposal (RFP), so that consumers have more options than only regulated utility-owned CSRs. This requirement could be fully developed in the rulemaking process.*
4. *Do not allow the regulated utility to use its marketing and customer information advantages through billing and existing marketing functions.*

The Solar Parties stand with the Commission Staff in recommending first that Electric Company participation only occur through affiliates of those companies.

In addition, the Solar Parties are concerned with the language used in the proposed rules regarding what Electric Companies – acting as Project Managers – may be able to recover through the rate base. In Section 860.088.0040 (3)(e), the proposed rules state that Electric Companies can potentially recover the cost of generation for up to 10% of their project's capacity from all ratepayers. We interpret this to likely suggest that Electric Companies receive the same treatment as a third-party Project Manager with regards to compensation for unsubscribed generation, however there is no qualifier stated which confirms that the Electric Company must meet minimum subscription requirements or when and how the cost of that generation may be valued. As is stated throughout this section, the Solar Parties want full assurance that Electric Companies are not able to advantageously utilize their position in the state's energy system in competing against non-regulated third-parties.

Ongoing Administrative Costs and Recovery

The Solar Parties are concerned by the uncertainty and potential level of programmatic administrative costs that may be accrued in the program. We are supportive of using a third-party administrator as well as some specific low-income management, but want to be sure these roles achieve optimal support for the program and not become inefficient and expensive tools. Recommendations made throughout these comments would result in reduced complexities in the program which should, in turn, increase developers' flexibility, lower administrative costs and offer more benefits to program participants.

Specifically, reducing or eliminating the potential "ongoing" cost burden that would otherwise fall on the participants would act as an efficient and equitable means to reducing the cost of participation. As discussed in the previously, the statute[14] calls for incentivizing participation, and it is important that the program's overall operating costs are not burdensome to community solar participants. Therefore, lowering these operational expenses would be a

[14] *Ibid*.

logical area to ensure the program itself is not dissuading participation due to its own administrative costs.

In addition to the actual level of costs that may burden participants in the program, the potential for those costs to change for a specific participant or project over time creates risks for participating customers, which in turn impacts the risk and costs for Project Managers and their respective financiers. The value proposition made to a potential participant becomes increasingly difficult to market when there is uncertainty in future costs. Participants should be assured that the cost of participation (if not eliminated incentives) will either be grandfathered, or better yet not increase and potentially decrease, from the point of when the project becomes pre-certified. This level of assurance is magnified with even greater importance when securing financing to develop projects, a process that involves quantifying all costs and eliminating as much uncertainty as to future changes in those costs, particularly those related to a value proposition.

Staff has indicated verbally that these costs would not increase on a project over time, and maybe even that it would go down as program participation increased. However, the Solar Parties did not see this critical clarification in the proposed rules and we ask that such assurance be put in writing. While there may be flexibility in how the administrative costs associated with participation could be reduced over time for any one participant, there should be no flexibility in a policy that prevents costs from increasing on a participant.

Interconnection

An area that is absolutely critical to the program, yet has received very little attention during the informal stakeholder process, is interconnection. If there is not an interconnection process capable of turning around applications in a reasonable period of time, then that process needs to be addressed and prepared accordingly for this program. Additional information is needed before the Solar Parties can provide a fully informed position on how this interacts with the project certification process. We believe that all parties' goals will be aligned in this area, seeking an interconnection process that results in timely, efficient evaluation of projects for interconnection feasibility as well as management of interconnection queues in such a way that facilitates the development of those projects with real prospects of moving forward and elimination of those that are simply speculative. We are supportive of the establishment of policies that require Project Managers to provide all necessary information to the Electric Companies, Electric Companies to process all interconnection studies efficiently, and for projects to meet requirements on a reasonable timeline to maintain positions in the interconnection queue. Further, there are many resources and examples available that can/should be leveraged for such an evaluation in Oregon.[15]

[15] GTM Research. "Interconnection: The Key to Realizing Your Distributed Energy Policy Dream. October 25, 2016. Found at: https://www.greentechmedia.com/articles/read/interconnection-the-key-to-realizing-your-distributed-energy-policy-dream

As stakeholders learned in Minnesota, a lack of streamlined, comprehensive interconnection rules can forestall program implementation and cause lengthy program delays.[16] On the other hand, Illinois is in the very early stages of community solar rule development and has actively worked to improve the interconnection process ahead of program deployment. The Illinois Commerce Commission has adopted a number of best practices in interconnection to improve the state's rules[17] and ComEd is actively engaging solar stakeholders to further streamline the process.

Problematic Issues

The following issues are those identified by the Solar Parties as being potentially problematic. While these are not listed as "critical" in the prior section they represent issues that could have major negative consequences, particularly when taken in aggregate with some of the other issues here and/or above. The categories discussed here include:

- Community Solar Advisory Group
- Program Capacity – Tier Two
- Definitions
- Project Qualification Restrictions
- Selecting a Third-Party Administrator and Low-Income Program Manager/Operational Concerns
- Consumer Protection
- "Confidential" Project Queue
- On-Bill Debiting
- Securities Requirements
- RECs

The following comments dig into some of the nuances of each of these issues where the Solar Parties detect either an immediate concern or a potential problem that could unnecessarily have negative consequences for the program.

Community Solar Advisory Group

The Solar Parties are encouraged by the proposed rules' establishment of a Solar Advisory Group, however we're concerned that this role may lack real power and influence it may have during the implementation of the program. There are many critical aspects of the program to be determined in the implementation phase. The Solar Advisory Group represents local and

[16] GTM Research. "Lessons from the First Year of Xcel Energy's Community Solar Program." December 15, 2015. Found at: https://www.greentechmedia.com/articles/read/xcels-community-solar-turns-1-year-old

[17] Midwest Energy News. "In Illinois, new rules expected to make solar faster and cheaper." October 19, 2016. Found at: http://midwestenergynews.com/2016/10/19/in-illinois-new-rules-expected-to-make-solar-faster-and-cheaper/

national experience which can steer the program implementation on a path that benefits from lessons learned in other markets rather than potentially re-creating the wheel and running into familiar challenges. We recommend this group be treated as a Steering Committee designed to guide the implementation, as well as ongoing process and evaluation, of the program. This will potentially reduce the need for more formal processes, and ensure that stakeholders are always at the table and invested in the program's potential successes and failures. In order to signal a vibrant, ongoing process, this advisory group should be established as soon as possible.

Program Capacity – Tier Two

The Solar Parties are concerned with using the program-level low-income target (which we believe is incorrectly referenced in the rules as OAR 860-088-170"(s)", as opposed to OAR 860-088-170"(2)") as a limit to increasing program capacity. While we have some concern with hinging the program on this low-income target itself, we're more concerned with basing the restriction on "energized" capacity, as opposed to reserved or allocated capacity. The point at which a project is energized could be a year or more following when it's been approved to operate in the program. If there's clear indication that a project is approved and designed for meeting the low-income target then that should serve as approval to expand the programs capacity rather than potentially delaying the sustained development of a growing industry.

Further, the evaluation of how much capacity to allocate in the successor tier should begin as soon as the non-low-income component of the program capacity has been reserved. This would potentially allow the program to continue operating without a stop-start burden associated with a review process. It could also act as an incentive for pursuing the low-income projects as a means to triggering additional capacity for the program.

Definitions

The definition list is relatively comprehensive, however there are several areas that require edits and clarifications. Our goal here is to reduce confusion and complexity by simplifying the terminology, but also flag areas that could have serious ramifications for the program.

- **Terms and Definitions Relating to Credits and Generation are Unnecessarily Complicated and Potentially Problematic.** We recommend substantial edits to the definitions for "differential credit" and "eligible energy/eligible generation." The proposed rules introduce these terms relating to generation and bill crediting which in turn makes the process difficult to interpret. In the "differential credit" definition we recommend removing the second sentence relating to calculations of the "payable generation" and clarify that this value is simply the difference between the total bill "credit" relative to the total variable cost of the electricity "bill," for a given billing period, rather than a difference in the "rates." We recommend deleting everything after the first sentence of the "eligible energy/eligible generation" definition, as it suggested a concept that would be unworkable from a Project Manager's perspective – i.e., suggesting a customer cannot receive credits in a month in excess of the usage in that month. As Staff clarified on April 13, a customer can in fact bank those credits month over month until the end of the year.

- **References to Subscriber and Owner can be Simplified and Consolidated throughout the Rules**. In general the proposed rules have consolidated the definitions for "Subscriber" and "Owner" under "Participant," which we support. However, there remain areas where this is not consistent. We also recommend establishing a simple definition for "Subscription" to capture the contractual arrangements that may occur for either a subscriber or owner in a project. This in turn would take the place of "subscription" and "ownership" used throughout the proposed rules, in addition to using simply "unsubscribed" in referring to generation that's not allocated to participants, rather than including the term "unsold," which the proposed rules inaccurately use in distinguishing subscription from ownership. These changes do no jeopardize the individual definitions provided for these participation types, but instead simplifies the concept for ease in interpreting the rules.

  Finally, we recommend adding a new basic definition for the term: "lease," such as "any form of contractual arrangement between a Project Manager and participant which results in bill credits being applied to the participant's electricity bill." The purpose for this addition is to clarify that "lease" should have the broadest non-ownership meaning possible, as there may be implications with regards to financing if this is interpreted as a "true" lease. For example, it might restrict a Project Manager from certain preferred ways of structuring tax equity because in some cases you cannot lease then lease equipment to the subscribers as well. The larger point with our recommended edits is to ensure the program allows flexibility so that customers have options.

- **The Term "Contiguous" in the Definition of Eligible Customers will make this Program Unavailable to Some Customers.** As discussed in the Eligible Customer section above and the Project Location section below, restriction will result in direct discrimination of customers based on where they reside. Rather than community solar being an opportunity available to all Electric Company customers, it will be limited to only those lucky enough to have a (likely expensive) project in their "contiguous" territory. This is unacceptable and counter to the core principle of community solar being made available to all customers.

Project Qualification Restrictions

- **Project Size.** The Solar Parties accept the initial project size limit of 3 MW-ac, with the caveat that it may need to be increased to address economic shortfalls in the program. In addition, we would recommend that exceptions be made to this limit for projects meeting the programmatic level 5% low-income target.
- **Project Location.** The Solar Parties understand there may be legal navigating required to achieve the legislation's intent[18] of allowing projects to be located anywhere in the state, however this option should be explored further through a public process rather than removing it from the table completely. In addition, as these comments discuss in

[18] Enrolled Senate Bill 1547. Section 22. Solar Program (Community Solar Projects). 78th Oregon Legislative Assembly, 2016 Session.

detail in the Eligible Customers section above, there absolutely should not be a restriction on a customer's ability to participate in a project located in the same service territory for which the customer resides. Forcing a "contiguous" service territory requirement will result in less project development and discrimination of customers based simply on where they live. Further, these restraints could have unintended consequences by limiting options for low-income participation.

Selecting a Third-Party Administrator and Low-Income Program Manager/Operational Concerns

While the industry is very supportive of a third-party administrator and specific programmatic attention to the low-income requirements of a community solar program, the proposed rules may make both of these desirable attributes overly burdensome.

The industry believes it is a good idea to seek qualified applicants for the third-party administrator but does not want the selection process to significantly delay implementation of the program. Rather than simply going to a Request for Proposal process, the industry suggests that the Commission first conduct a Request for Qualifications process. This will allow the Commission to established qualified entities and perhaps allow the Commission to focus their exploration for a third-party administrator on a more narrow group of prospects.

The industry is supportive of a programmatic focus for low-income customers, though we caution that a separate program manager may be too expensive and unwieldy. Our hope would be that this programmatic role would be a designated program focus with personnel experienced with low-income issues within the job description of the third-party administrator so that all aspects of the program are centrally managed.

Lastly, in the April 13 workshop Staff suggested that the Commission and electric companies would play the primary role in determining the program administrator. The Solar Parties strongly object to this course of action. If the Electric Companies are to be allowed to participate as Program Managers, it is inappropriate for them to also have decision-making power in choosing the administrator. Instead, the Commission should utilize the Community Solar Advisory group, or use a resembling or either the Portfolio Options Committee for the renewable energy options or the advisory councils at Energy Trust of Oregon to create criteria, review options and make recommendations. But the ultimate decision should lie with the Commission.

Consumer protection

Community solar marks a significant advance in opportunity for consumers interested in accessing solar. However, any new market opportunity comes with the need to ensure consumers are protected and have the necessary information to make good decisions on their own behalf. Oregon is a strong state in terms of consumer protection, as evidenced by the low number of consumer complaints about solar contractors in the state.

As highlighted in the discussion around project certification in the above "critical issues" comments, the Solar Parties are supportive of consumer protections involving the disclosure of relevant contract terms and conditions to customers. We also believe portability and transferability are important foundations in community solar program design and we agree these should be required within participant contracts. A step further, we also support rules requiring up-front subscriber deposits be held in escrow during the development of a project and that a plan to cover operations and maintenance over the life of the program be incorporated in participant contracts.

However, we're opposed to sharing actual contracts or contract terms and conditions with third parties as it exposes costly legal and proprietary intellectual property that should stay between the Project Manager and participant. Further, placing pre-emptive restrictions on terms such as portability, transferability, downsizing, early cancellation, and early termination directly interferes with a subscriber agreement in a way that could limit the ability of developers to offer innovative projects and products that best fit customer needs. The specifics of those and other elements are associated with the unique costs and benefits of each project, and should be determined in the subscriber agreement rather than a standardized rule. This is an area of market innovation and competition, where subscriber organizations can differentiate their terms and conditions in response to consumer interests and demand.

These protections, in addition to a self-certification by the Project Manager through the standard conduct contract – as suggested in the proposed rules – should provide sufficient legal evidence that the Project Manager is not attempting business practices that will undermine participants or the program. That said, this issue should receive ongoing attention and regular recommendations to the Commission by a stakeholder advisory group as described in the section above.

Confidential Project Queue

The proposed rules include several references to a "confidential" project queue. The Solar Parties absolutely support maintaining some confidentiality in that queue, but ultimately the project size, location, timeline for development, and phase in the review process should all be made publicly available as this will aid prospective project managers in evaluating if/how they may enter the market. This transparency will further aid in reducing grid congestion and act as a natural filter on interconnection and program application submissions.

On-Bill Debiting

The Solar Parties are generally supportive of the use of on-bill debiting to facilitate the payments made from subscribers to their respective Project Managers. On-bill debiting can improve the customer experience, create new revenue opportunities for utilities, and lower costs for customers, utilities, community solar providers, and all ratepayers. It can help facilitate low income customer participation, and also enable a more level playing field for Project Managers. That said, we also flag that it will be critical to maintain flexibility in the implementation of on-bill debiting so as not to interfere with or expose private agreements between Project Managers and subscribers. As such, the Solar Parties recommend this aspect of the program be optional to Project Managers.

Securities Requirements

The Solar Parties' understanding – through discussion with Commission Staff - is that the mention of potential marketing guidelines in the Consumer Protection section of the proposed rules is a placeholder for potential requirements to avoid the program, or a community solar project or product, from being viewed as triggering securities violations. Of the well over 300 MW[19] of community solar developed in the United States to date, the Solar Parties are unaware of a single securities violation that has occurred. Conversely, we are aware of a Securities and Exchange Commission (SEC) no-action letter issued to CommunitySun, LLC which found that a community solar project does not result in an investment contract when the primary motivation for participation is personal consumption (i.e., reducing a customer's electricity bill).[20]

We are in agreement with the Staff's thinking (shared in discussion as well as via the Department of Justice Interoffice Memo [January 26, 2017]) that the state's community solar program would not result in securities-related "investment contracts." The National Renewable Energy Laboratory (NREL) provides clear and simple guidance on how this can be achieved:

> *"How a program is marketed can make a difference in the determination of whether the product is a security. If a shared solar product is marketed primarily as a profit-generating program, it is more likely to come under SEC scrutiny. If a developer does not want its product classified as a security, the primary benefit of program participation should be marketed for reducing a customer's retail electricity bill."*[21]

The proposed rules are in line with NREL's guidance, with an emphasis on the fact that reductions in a customer's electricity bill rather than "profit" is the primary driver of participation.

All that said, we are generally comfortable with having some marketing guidelines – such as a disclaimer that participation does not result in "profit" for participants – as providing a reasonable means to addressing potential securities concerns. We would just propose that stakeholders be able to participate in the discussion of how this requirement is framed, in order to achieve the consumer protection objective without compromising the innovation associated with diverse marketing strategies.

RECs

The Solar Parties do not agree with the proposal that renewable energy credits (RECs) be retired on behalf of the participants without any discretion given to those participants to do otherwise. The majority of community solar markets in the country utilize RECs as a means to incentivizing

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[19] GTM Research and Solar Energy Industries Association. *U.S. Solar Market Insight: 2016 Year in Review.* Found at: http://www.seia.org/research-resources/us-solar-market-insight.

[20] Securities and Exchange Commission. *Response of the Office of Chief Council of Corporation Finance. Re: CommunitySun, LLC Incoming letter dated August 29, 2011*. Found at: https://www.sec.gov/divisions/corpfin/cf-noaction/2011/communitysun082911-2a1.htm.

[21] National Renewable Energy Laboratory. *Shared Solar: Current Landscape, Market Potential, and the Impact of Federal Securities Regulation*. April 2015. Found at: http://www.nrel.gov/docs/fy15osti/63892.pdf.

participation in a project, often representing the incremental amount that makes the value proposition attractive. It does not present a major marketing obstacle, as some advocates may assert, but in fact can improve the marketability for a project since it's been proven throughout the solar industry that economics are the primary driver of solar development and participation. This option should not be taken off the table for participants who are the rightful owners of that generation benefit.

The Solar Parties understand the concern of some stakeholders that this program's capacity should be incremental to the RPS requirements of the electric companies and we are appreciative of the effort to drive more renewable energy development in the state. That said, community solar represents in-state project development and generation that benefits all stakeholders, which is not always the case in an RPS program where out-of-state RECs may play a role.

RECs are a market-based instrument and should be allowed to flow as the market demands rather than be restricted by arbitrary limits.

Conclusion

Community solar represents a significant opening to expand solar opportunities to Oregonians who are demanding such opportunities. The industry has found through company-level sales processes as well as community level campaigns such as Solarize efforts that many consumers who are interested in solar cannot put solar on their rooftops for a wide variety of reasons. Community solar allows these consumers – both residential and commercial – to participate in a solar project and receive their share of the energy benefits of that project as a bill credit on their electric bill.

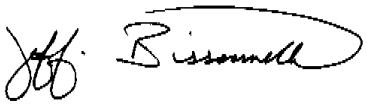
For Oregonians to be able to participate in the opportunities that community solar provides, the program will need to meet several consumer needs. It will need to be straightforward and understandable. It will need to be affordable. It will need to provide several types of options for participation. It will need to ensure accurate education and marketing so that customers can make informed decisions. It will need to be trusted as a long-term option.

In order for the program to deliver on these consumer needs, the industry will need the program structure to provide the tools to build successful community solar projects. The program will need to keep administrative costs in check so that customers can get good value from the projects. The project development approval process will need to be transparent and fair. Any limitations will need to be understood and re-enforced as milestones or benchmarks that can be easily adjusted rather than as hard stops or caps. The overall program must not force "one-size-fits-all" approaches but allow for flexibility to provide a variety of solutions for consumers' interests.

This is a tall order – providing industry tools to meet consumer demand. It's a delicate balance. While community solar has been implemented in several states, frankly none has gotten it exactly right. Oregon has the opportunity to learn from the lessons of other states and put our own stamp on community solar. We have experience with other similar efforts, we have the history of engaged stakeholder collaboration and we have a population eager to participate.

As we noted at the beginning, we appreciate the work of Staff and all the parties to this point. Even after rules are adopted, there will still be significant work to do. But that work will be easier with some adjustments to the proposed rules and a continued commitment of all parties to bringing a vibrant community solar program to life in Oregon. We look forward to continuing the industry's engagement and commitment to that outcome and to the day when community solar projects begin to deliver benefits to Oregonians.

Respectfully submitted,



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