

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1746

In the Matter of)
)
OREGON PUBLIC UTILITY COMMISSION) PORTLAND GENERAL ELECTRIC'S
Legislative Report HB 2941 Solar Program) COMMENTS
Designs and Attributes)

Portland General Electric (PGE) appreciates the Staff work and facilitation that has brought us to this point in the docket. We look forward to the Special Public Meeting with the Commissioners on the 16th of October to provide oral comment on Staff's preferred attributes and community solar program design model. From the start of the docket, PGE has advocated for flexibility-- not to prescribe specific designs. Unfortunately, Staff's preferred attributes and design recommendations are more prescriptive than flexible and, if followed, will not maximize customer participation in community solar.

In advance of this workshop, we submit these comments to summarize PGE's perspective both with regard to areas of agreement with Staff and areas in which our position differs. Our greatest area of disagreement is with regard to community solar ownership. We note that it was not until the 18th of September, after two rounds of stakeholder comments and more than a month after opening this short proceeding, that Staff indicated a preference for a non-utility owned community solar model. Up until that point, few parties opposed utility ownership of community solar.

Due to the fast-track nature of this docket and the legislative deadline, the turnaround times for comments in this docket were short – on two occasions stakeholders were provided fewer than three days to submit comments in response to a workshop or Staff's comments. This short turnaround time has compromised our ability to be comprehensive and thorough in our comments, and while unintended, falls short of true collaboration. While we are disappointed with the process, we are also disappointed with the outcome—the Staff recommendations. We echo the concerns raised by PacifiCorp in its most recent comments that the Staff's recommendations fail to adequately address consumer protection concerns and the objective of increased customer choice and access to solar in Oregon.

We join PacifiCorp in urging that the Commission adopt the following guiding principle for its recommendation to the legislature:

- *Increase low-cost and reliable access to solar generation through community solar programs that offer consumer protections to participating customers and cost-shifting protections to nonparticipating customers.¹*

PGE agrees with the following Staff recommendations:

- **Program Size:** Instituting a statewide program size cap will allow for stakeholders to determine the true cost and benefits of a community solar program in Oregon while limiting exposure to unintended consequences.
- **System Location:** Located within Oregon and requiring the owner to cover costs of delivering the electricity to the utility's system.
- **Special Carve Outs:** This is a policy issue for the legislature.
- **Product Design:** Participants purchase a capacity product.
- **Subscription Size:** Limited to no more than average annual load of a participating customer with excess credits donated to low-income programs.
- **Energy Bill Credit Rate:** We agree with Staff that the bill credit rate should be informed by the resource value of solar (RVOS) docket. During the interim, before a RVOS rate has been established, the rate should be the value of solar rate defined in ORS 757.360(5). We also agree that using the retail rate as the bill credit rate is not appropriate. The retail rate does not reflect the value of the non-dispatchable intermittent solar resource to the utility's system and customers; using the retail rate will lead to increased costs for nonparticipating customers.
- **Early Termination:** Participants are allowed to port/transfer their subscription within the same utility service territory. Participants may incur a fee for early termination.

¹ See PacifiCorp's Comments on October 14, 2015 in Docket No. UM 1746.

- **Customer Type:** Limit customer participation to residential and small commercial rate classes.
- **Costs and Risks of Developer, Subscriber, and Utility:** PGE agrees that the community solar owner and subscribers should bear the risks and costs of community solar; nonparticipating customers should not subsidize community solar projects.

PGE does not agree with the following Staff recommendations:

- **System Ownership:** Again, PGE supports the most recent comments filed by PacifiCorp with regard to utility ownership, development or operation of community solar. Ownership, development, or operation of a community solar facility, including the management of a community solar program, should be made available to **all** market participants, including the regulated utility. We note that PacifiCorp and PGE are not alone in support of utility ownership. Northwest Energy Coalition, Citizen’s Utility Board, and the Industrial Customers of Northwest Utilities do not support foreclosing a regulated utility ownership model. In fact, PGE has an established track record in developing projects like the Solar Highway, Prologis (the largest rooftop solar project in Oregon), and most recently solar on Portland Public Schools. If the utility were to own the community solar resource, Staff proposes additional conditions. PGE agrees with the conditions requiring regulatory review of terms and conditions, recovery of costs from nonsubscribers no different than is afforded third party developers, and that utilities offer community solar in the market with other market participants. We do not agree that if utilities were to own, they should be barred from using marketing and customer information resources to reach prospective subscribers.

HB 2941 requires the Commission to consider, among other factors, the “cost to community solar subscribers and non-subscribers”. If the utility can offer a competitively priced product, why not allow utility ownership? We support and refer again to PacifiCorp’s comments and its analogy to the utility’s submission of a benchmark bid in competitive bidding processes for generation

resources. To ensure competition and least cost-least risk options, the utility is allowed to bid into the process. That should be the case with community solar.

Furthermore, if the ultimate goal is to increase customer adoption of community solar options while limiting cost, the Commission should indeed allow utilities to leverage their existing marketing and customer information advantages to lower the cost of marketing programs, thereby lowering the ultimate cost to participants. PGE, in particular, runs the nation's leading residential renewable energy program and has the highest customer uptake among such programs nationally. The knowledge gained from running such programs can inform the design and marketing of a community solar program offering, which would both lower costs to subscribers and increase customer adoption.

- **Community Solar Definition:** PGE generally agrees with the proposed definition.² However, the utility should not be responsible for handling the costs and risks of a subscriber's share of a third-party community solar resource through their utility bill. The utility function should be restricted only to reflecting the energy bill credits on subscriber's utility bills. In addition, we note that renewable energy credit (REC) distribution is integral to the definition. (Staff recommends that REC distribution requires attention in rulemaking). If the utility credited rate for the subscriber's energy share includes payment for the environmental attributes, then the subscriber cannot claim participation in renewable energy as renewable energy includes both the energy and the renewable attributes.
- **Consumer Protection/Oversight/"Project Pool" Concept:** PGE agrees with stakeholders who raised objection to the overly complex creation of a "project pool." While well-intended to address consumer protection issues, the complexity and additional costs in implementing the concept would likely outweigh its value and could impede the ultimate objective of maximizing

² *Community Solar in Oregon allows electric customers to have an opportunity to share in the costs, risks, and benefits, including economic benefits, of solar projects through their utility bill, such that individual customers are provided with an option to buy solar energy via a more collaborative and shared process as opposed to installing solar capacity on their own property.*

participation in community solar projects in Oregon. Having the utility issue requests for proposals, reviewed by the OPUC, and administer the processes for projects to enter the project pool also increases the costs to nonparticipating customers. The consumer protection objective could be addressed in less burdensome ways including, the identification of a state agency to have authority to protect consumers from fraudulent or misleading representations from community solar owners, developers or marketers. This authority would be similar to that of the Commission over the regulated utility, were the utility to be the owner, developer or marketer. We note that utility ownership and Commission regulation of such programs offer one effective way to promote consumer protection.

- **Subscription Price Calculation:** The utility should not pass through the subscription price from third-party owners to participating customers via their bills. This is a contract issue between the third-party owners and their subscribers. If the utility is in the middle of this relationship, the utility could incur unnecessary costs and risks related to resolving disputes between third-party owners and their subscribers, including accuracy of billing the subscription cost, payment timing and non-payment.
- **Community Solar Resource System Size:** PGE supports a flexible system size, with a mix of small and large project options. There is no need to specify system size, as the market will determine the appropriate size. Assuming there is a statewide program cap, that cap would inform system sizes.
- **Contract Term:** Contract lengths should be a decision between the participating customer and the project manager/owner. Mandating that all projects offer a specific contract terms may increase the risk of undersubscription if customers are not interested in those terms, and thus the cost of the program.

In summary, while many of PGE's areas of agreement are also the consensus of the docket participants, the issues of utility ownership and consumer protection remain sticking points. PGE requests that the

Commission reject the Staff recommendations with regard to the project pool concept and utility ownership and direct that the final report to the legislature be less prescriptive, allowing flexibility in design while noting the need to address consumer protection and preventing unreasonable cross subsidies from nonparticipants to subscribers and developer owners. Thank you for the opportunity to submit comments.

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