

September 1, 2015

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-1166

Attn: Filing Center

Re: Docket UM 1746—PacifiCorp's Comments

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) appreciates the opportunity to provide comments regarding the program design proposals in this proceeding.

I. Background

On July 2015, the Public Utility Commission of Oregon (Commission) opened this docket to implement Section 3 of HB 2941, which requires the Commission to hold a proceeding “to examine a range of community solar programs and attributes to allow individual customers to share in the costs and benefits of solar facilities.” The results of this proceeding are due to the Oregon Legislature by November 1, 2015. Parties were asked to submit community solar design proposals by August 7, 2015, and Commission Staff held a workshop on August 11, 2015, to discuss these proposals.

II. Legislative Intent

On June 25, 2015, the Oregon legislature passed House Bill 2941. The primary purpose of Section 3 of HB 2941¹ is to encourage the development of community solar programs in Oregon. In discussions leading up to the passage of HB 2941, it was understood that community solar programs allow utility customers greater access to solar regardless of the customers' ability to install solar on their own rooftop. One way greater access is contemplated in the legislation is through new voluntary offerings by the investor-owned utilities. HB 2941 clearly provides authority for utilities, should the Commission determine demand through this proceeding, to create new voluntary solar programs.² The legislature did not adopt a single community solar program model, or prescribe community solar program attributes, instead directing the Commission to hold a proceeding to examine a variety of community solar models.

HB 2941 contains a set of criteria for the Commission to apply to its review of community solar models. The outcome of the Commission's review is a recommendation from the

¹ Section 3 of HB 2941 is the relevant section for this proceeding.

² Section 1(2)(c) states “If the commission finds, through public comment and hearing or through market research conducted by the electric company, that demand is sufficient to justify the rate, a rate option for electricity associated with a specific renewable energy resource, including solar photovoltaic energy.”

Commission on one of the following: a recommended program model, multiple recommended models or a set of preferred attributes that describe and define community solar in Oregon. The legislature was clear that they are looking to the experts at the Commission to provide thoughtful review of program designs and attributes and to bring forward models that are best for utility customers and that adequately address the costs and benefits to utility customers.

III. Definition of Community Solar in Oregon

The Company suggests that a definition of community solar in Oregon should be broadly constructed to allow for flexible program designs. The definition should allow customers of a utility to contribute to the costs and receive a portion of the benefits from a solar installation that is not collocated with the service location of that customer. Participating customers should be responsible for all incidental and administrative costs eliminating the risk of potential cross subsidies from non-participating customers.

IV. Eligibility and Limitations Attribute

Eligibility

A properly designed community solar program is a program that could be made available to all customer classes, with the possible exception of large industrial customers who currently have other third-party options for satisfying their renewable energy goals. Customers should be located in the same utility service territory as the community solar facility, and customers should not be artificially constrained from participating in more efficient resources or installations simply because of the county of their residence.

Limitations

Customers should be eligible to subscribe to multiple “blocks”,—with each block representing the generation from a 1 kilowatt portion of the facility, where the energy from their subscription would not exceed 100 percent of their annual usage for the last 12 months.

V. Contract Terms Attribute

In the Company’s earlier submission, there are references to multiple contract durations which would suit the needs of different customers, with longer contracts providing a potential price hedge for participating customers. Customers should have the ability to move the subscription to different addresses within the same utility service territory. Additionally, reasonable termination fees should not be prohibited for customers wishing to fully discontinue participation in the program.

VI. Subscription Pricing Attribute

The price of participating in a community solar project should be determined by the entity developing the project. The subscription cost should be sufficient to cover the cost of the

resource, interconnection costs, potential transmission costs, and the cost of administering the program. There should be no expectation that non-participating customers or ratepayers, in general, are subsidizing the development or operation of the program, either incidentally through providing long term administrative support or directly through an incentivized rate.

If third-party non-utility groups are allowed to participate in the development of community solar projects, a consumer protection entity and procedure should be developed to provide some level of oversight.

VII. Bill Credits Attribute

In PacifiCorp's proposal, the solar premium for subscribed energy is calculated as the solar resource cost plus program administration costs less supply charges. Leveraging the existing framework of costs for unbundled retail rates for developing the bill credits is efficient and provides participants the opportunity to lock-in the supply cost of a portion of their bill.

In their comments, the Citizens' Utility Board (CUB) referenced Rocky Mountain Power's proposed subscriber solar program and stated its preference that "bill credits would apply at the retail rate, in the same way it was proposed in the Rocky Mountain Power project."³ CUB then stated that "CUB still believes that solar power should be credited at the retail rate, especially if residents are being charged per kWh for purchasing the power."¹ Because Rocky Mountain Power's proposed subscriber program does not apply a credit at the full retail rate, it is unclear what CUB means by this statement. The Company would not support a credit that reflects the full retail rate since the full retail energy rate recovers costs related to the distribution and transmission systems that are necessary for the delivery of power. Under the Company's proposal, participating customers would continue to be subject to delivery charges in addition to the Solar Energy Block Generation Charge. This ensures that participants fairly share in their responsibility of the costs of the utility system which they rely on for their service and is consistent with the design of the proposed Rocky Mountain Power subscriber solar program.

In their comments related to a bill credit, the Joint Parties state on page 16 that "(t)here are many options with regard to the type of credit utilized, so long as the determined rate is sufficient to provide Participants with an 8-12 year simple payback." PacifiCorp opposes predicating the calculation of bill credits on creating a specific payback period or rate of return target for participants. The design of bill crediting should be primarily concerned with the actual costs for service and value to the utility for the solar resource. The approach the Company outlined in its initial comments reasonably balances providing participants with real benefits on their bills while ensuring that those participants continue to pay their fair share of costs.

VIII. Minimize Cost-Shift Attribute

PacifiCorp's proposed program design mitigates potential cost shifting to non-participants, since participants must continue to pay for all delivery charges related to their subscribed energy.

³ See page 5 of CUB's proposal in this proceeding.

PacifiCorp's proposal specifically addressed a program in which the utility would acquire the solar resource on behalf of subscribers. Under such a proposal, the utility would have some control of the overall magnitude of the program. If a community solar program were open to third-party solar developers, as the proposals of other parties envision, the size of the program should not be unlimited. PacifiCorp recommends that as the size of a community solar program grows to a threshold level, it may be prudent to revisit with the Commission the program design of pricing and bill crediting to ensure that the program is sustainable without undue cost shifting to non-participants.

IX. Risk Attribute

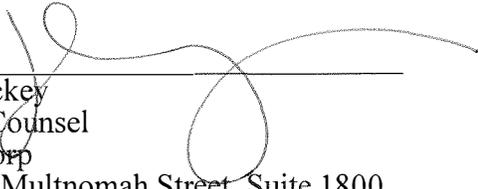
A properly designed community solar program will appropriately balance risk between the community solar provider and the community solar participants. PacifiCorp's community solar proposal strikes this balance by assuming the risk of unsubscribed portions of the project for the benefit of all ratepayers.

In addition, if third party non-utility groups are allowed to participate in the development of community solar projects, a consumer protection entity and procedure should be developed to mitigate risks to customers. In a utility-run community solar program, the Commission will review the utility's proposal and ensure the proper balancing of risk. Non-utility, third party offerings should be no different in terms of the level of risk assigned to participating customers.

X. Conclusion

In conclusion, the Company believes that the purpose of this docket is to propose a set of community solar program models or attributes that will allow the development of community solar projects. The critical outcome of this docket is the Commission's report to the legislature containing its recommendations and, as part of that report, the Company urges the Commission to adopt a broad and flexible definition of community solar that will allow for development of a range of community solar program models. A broad and flexible approach to community solar will encourage greater development of this resource and satisfy the legislature's intent of allowing greater access to solar resources, regardless of ability or desire to install rooftop solar.

Respectfully submitted this 1st day of September, 2015.



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