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Citizens' Utility Board

of Oregon

30 Years and Counting

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1746

In the Matter of)
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)
PUBLIC UTILITY COMMISSION OF)
OREGON)
)
Report to the Legislature on)
Recommendations for Community Solar)
Program Designs and Attributes)

COMMENTS
OF THE
CITIZENS' UTILITY BOARD OF OREGON

September 1, 2015



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CUB appreciates the opportunity to comment on its preferred characteristics of attributes in a community solar program in response to Staff's Guidance for Public Comment submitted on August 14, 2015. CUB will respond to Staff's list of characteristics for community solar below.

1) Legislative Intent

CUB agrees that the legislative intent of this docket is to provide an opportunity for stakeholders and experts to design a program that could make community solar a possibility in Oregon where that conversation was not ripe in the legislative process.

As a side note, CUB believes that whatever is designed in this docket may also be used to inform docket UM 1690, the Renewable Energy Tariff docket as it could allow consumers to band together to assume the costs and reap the benefits of a renewable energy system.

2) Definition of Community Solar in Oregon

In CUB's earlier comments in this docket, CUB stated its view about what the definition of solar should be:

CUB believes that the purpose of a community solar program is to allow individual customers the opportunity to procure solar energy, or as stated by HB 2941, “to share in the costs and benefits of solar facilities.” Ideally, a community solar program would consist of a central location with a certain level of solar capacity from which individual consumers can purchase solar kWh of power every month. The idea is to grant individual customers the option to buy solar energy via a more public means as opposed to privately installing solar capacity.¹

In addition, as we discuss later, a key element of community solar should be a bill credit that customers can see on their bill for the power produced. In this way, a community solar customer can truly realize benefits of a solar array as they would if it were on their roof.

CUB agrees with the perspective offered during the August 11th workshop that the point of community solar is to provide customers the option of installing solar capacity when they otherwise would not be able to do so. For example, this would include customers who live in an apartment building, customers who do not live in houses with roofs ideal for installing solar, and others.

CUB reiterates the “community” aspect of community solar in that it should be restricted to a utility’s service territory, with the ability to maintain participation if a customer moves within the service territory or for the customer and/or the project manager to transfer participation to another user in the case of the original participant moving out of a utility’s service territory.

During the workshop, PGE representatives appeared to want to define community solar as equivalent to a voluntary program based on RECs. Even though a project may be based in a service territory or a particular community, if a customer is simply paying a premium to support such a project, while valuable, this is not community solar. Voluntary renewable energy marketing programs and community solar programs are not the same thing.

3) Eligibility/Limitations Attribute

CUB agrees that participants should not be able to subscribe to capacity or production that exceeds usage. CUB is open to exploring carve-outs for different parties but does not consider it to be a requirement of community solar. CUB also

¹ UM 1746. Comments of the Citizens’ Utility Board of Oregon. August 7, 2015.

agrees that community solar participation should include multiple types of participants (i.e., commercial, residential, irrigation, etc.).

4) Contract Terms Attribute

Different parties considered different suggestions for contract terms, and as CUB understands, it ranges from 1-20 years. CUB is open to a range of contract terms, but CUB believes there should at least be an option available for shorter-term participants. Since the nature of community solar is meant to appeal to people who do not fit within the traditional installer profile (e.g., long-term homeowners), it is reasonable to assume that a decent portion of participants will not want to sign a 20-year contract. CUB believes that shorter time frames like the ones proposed by PacifiCorp (1, 2, 5, years) should also be an option. At the same time, the contract terms should include periods longer than the maximum 10 years provided in the Rocky Mountain Power filing in Utah.

5) Subscription Pricing Attribute

CUB is open to a variety of different pricing designs, including an initial capacity buy-in or a rate per kWh. However, this may also depend on whether the program is executed by the utility or a third-party developer. CUB anticipates that the pricing scheme should be set by the solar developer if it is a third party. If the program is administered by the utility, however, CUB anticipates stakeholders being involved in pricing design to a larger degree than with third-party installers.

6) Bill Credit Attribute

In its comments, Staff indicated that parties seem to agree that a component of community solar would involve an economic benefit. While CUB welcomes economic benefits to the participant, CUB notes that this is not what PacifiCorp's proposal presented. What PacifiCorp proposed in this docket is effectively what it proposed in a Utah pilot program for community solar. In that program, residents were given a bill credit for kWh of solar produced, but they were also charged for each kWh of solar at a rate higher than the retail price of energy. CUB stated in its previous comments that it is open to investigating a similar proposal in Oregon, though some sort of economic benefit would be preferred. At the very least, CUB feels that bill credits should be included as part of the program.

CUB agrees with PGE's comments in that the solar resource value should be included in the program as a credit. However, CUB does not necessarily agree

with PGE's narrow definition of the solar resource value. CUB notes that this value is yet to be determined in docket UM 1716 and could eventually be applied to the community solar program.

7) **Minimize Cost-Shift Attribute**

CUB agrees with PGE and PacifiCorp that the system developer and participants should bear the risk of community solar. Non-participants should not be held responsible for stranded costs associated with unsubscribed capacity. In PacifiCorp's Utah program, Rocky Mountain Power details concerns with cases where there was less than 100% subscribed capacity. In that discussion, Rocky Mountain Power suggests that unsubscribed capacity be assumed by other ratepayers. This would be a less than ideal outcome. However, if that were the outcome, a similar accommodation for a non-utility project would need to be found. CUB believes that a community solar program should be designed in such a way that the participants assume all of the risks (and attain all the benefits) associated with the project, whether in a utility-sponsored project or a non-utility sponsored project.

During the workshop, PGE representatives made reference to work the company had done in connection with another docket (UM 1673) regarding the amount of cost-shifting occurring due to solar. PGE multiplied the amount of solar energy produced by customers by the fixed cost rate of their bills to arrive at a cost-shifted number.² However, in that docket, there was no explanation as to why energy efficiency activities or fuel-switching measures (e.g., switching an electric water heater for a gas water heater) are not similarly evaluated. In its most recent annual report, the Energy Trust of Oregon notes that it helped consumers save 58 MWa. ETO also reported a total savings of 1.5 MWa of solar in 2014.³ Thus, there is an order of magnitude difference between efficiency efforts and solar installation.

CUB requests a broader discussion of how PGE's decoupling mechanism plays into determining costs on the system. Decoupling is intended to reduce the company's financial concern about measures that reduce load. Decoupling seems to be working well on the efficiency side, as evidenced from the lack of consternation over acquiring a great deal of the efficiency resource. CUB would

² See docket UM 1673- PGE Comments. Retrieved from <http://edocs.puc.state.or.us/efdocs/HAC/um1673hac9464.pdf>.

³ ETO 2014 Annual Report. Retrieved from http://assets.energytrust.org/api/assets/reports/PAR_2014.pdf.

like more information as to why the concern is so much greater on the solar side, especially if the amount of solar is much smaller than the efficiency acquired.

Finally, to get a complete picture of any type of cost-shift, the benefits must be fully quantified and accounted for. As noted earlier, UM 1716 will provide some of that insight. CUB believes that, at present, any cost-shift from the act of simply installing solar (separate from the actual program or marketing costs) is small and more appropriately left to UM 1716 or other more appropriate dockets.

8) Risk Attribute

CUB believes that participants bear the risk of community solar. Just as homeowners or commercial installers bear the risk of installing a system or hiring a third party to install a leased system, so participants will also assume risks involved with community solar (e.g., not as much production as anticipated, conventional prices lowering the economic benefit, etc.). As a result, CUB does not believe installers of community solar to be treated any differently in that sense than traditional installers.

CUB reiterates its appreciation in being able to participate in this and looks forward to future discussion and solutions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nadine Hanhan', with a long horizontal stroke extending to the right.

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