

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1746**

In the Matter of

OREGON PUBLIC UTILITY  
COMMISSION

Examining a range of community solar programs and attributes to allow individual customers to share in the costs and benefits of solar facilities.

Response to Staff

Recommendation:

Northwest Sustainable Energy for Economic Development, Oregon Solar Energy Industries Association, Renewable Northwest, Environment Oregon, Oregonians for Renewable Energy Progress

**I. INTRODUCTION**

We thank the Oregon Public Utility Commission (the Commission) Staff for their dedicated efforts in developing the recommendations to the Legislature regarding community solar, and feel that Staff performed a thorough evaluation of potential program attributes. Despite the accelerated timeline, the Staff recommendation considered multiple stakeholder perspectives on the issues raised in the various meetings through an iterative, transparent, discussion-based process.

It is important to recognize that the UM 1746 process was not designed to seek consensus with all stakeholders on all issues. Rather, the outcome of the Public Utility Commission process is one that unites both stakeholders' comments and the public interest to meet the legislative directive of HB 2941 and provide a recommendation of a program or attributes.<sup>1</sup> The Commission was tasked with evaluating potential attributes, weighing choices, and providing a recommended path forward for community solar to

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<sup>1</sup> HB 2941 – Section 3(3) : (3) The commission shall recommend a community solar program design, or a set of preferred attributes of different community solar program designs, that best balances the resource value benefits, costs and impacts..

the legislature, not cataloguing all the options for further review. All of the comments, suggestions, and draft recommendations from staff leading to this final recommendation and submitted as part of the public record under UM 1746 can be reviewed by interested individuals or policy makers at any time.

The following is a joint response by the undersigned parties (“the Parties”) to UM 1746, submitted to provide comments on the Staff recommendation released October 13<sup>th</sup>, 2015. It seeks to address only the most relevant issues to the Parties in a succinct format, following the outline provided in the recommendation documents.

## **II. DEFINITION OF COMMUNITY SOLAR IN OREGON**

- Parties generally agree with the goals and principles articulated in the definition, and appreciate the focus on economic benefits and bill credits accruing to individual customers.

## **III. COMMUNITY SOLAR IN OREGON: CRITERIA**

- The criteria provided articulate a broad, flexible framework for the deployment of community solar in Oregon, which the Parties generally support. There are some slight amendments that we suggest. We reiterate that language related to cost-shifting is contentious at this point in time, and cannot be properly evaluated without a more thorough understanding of full system, environmental, and social impacts of energy generation and infrastructure. Also, seeking development of low-cost community solar systems is only one mechanism to encourage subscription by cost-sensitive subscribers. There should be a focus of delivering the greatest total value, not just lowest cost.

## IV. PREFERRED COMMUNITY SOLAR ATTRIBUTES & CHARACTERISTICS

### Community Solar Resource's System Constraints

- Parties support the setting of an initial target boundary for community solar capacity. We seek greater clarification of whether this 0.5% is to be interpreted as a cap, or as a goal for program deployment. For example, though much of the language in the recommendation documents refers to a “cap”, the diagram in Attachment 1 states that the RFP process with need to "fulfill capacity targets." We support deployment of a goal for community solar capacity over a specified timeline.
- We would like to clarify the intent for Community Solar to be an ongoing, robust part of Oregon's energy future and provide long-term choices for utility customers. This 2-year period should be viewed as an “initial phase” of community solar, not as a “pilot” or test program.
- Parties support the Staff suggestion to have allocations of program capacity at regular intervals and at different kW ranges, in order to foster a diverse, competitive marketplace. That said, the Parties recommend instituting a bi-annual, twice every calendar year allocation as opposed to a biennial allocation process. This will ensure sustainable market development and can ultimately facilitate greater market efficiencies, information and cost reductions.
- Regarding utility ownership of Community Solar Resources, the Parties support the Staff recommendation and rationale, which provides clear guidance and options to the ways that utilities could participate either as owners through an

unregulated affiliate, or regulated with sufficient sideboards to ensure fair competition. The issues of avoiding monopolistic advantage are not as much an issue of cost, as one of informational disparity, clear accountability of the appropriate rate of return, and the sources of utility shareholder return.

### **Eligibility / Limitations**

- The Staff recommendation still does not address substantively the participation of low-income customers. Parties have suggested a simple framework for ensuring low-income participation, with any additional costs borne by participating “market-rate” subscribers. The Commission oversees other aspects of utility low-income support programs, and Parties feel that it is within the scope of this docket for the Commission to provide a recommendation that creates clear pathways for low-income customer participation in community solar, especially as they are identified by Staff as a customer base that is underserved by access to the benefits of current solar energy options. This can be achieved using a competitive market framework that requires a minimum percentage acquisition of low-income subscribers, and providing for differentiated/ subsidized subscription pricing for qualifying low-income customers. It is essential that this issue be meaningfully addressed, and Parties recognize that numerous other stakeholders share these goals.
- Additional clarity is sought on the minimum number of subscribers required to consider a project to be community solar. We suggest that a minimum of 10 subscribers be required. This is necessary to avoid situations where a single customer or a small number of customers are the sole beneficiaries of a

community solar resource. Parties also suggest that additional customers be eligible to participate in the community solar marketplace beyond residential and small commercial as the market develops, which could serve to lower costs and increase value in the program.

### **Contract terms**

- There should be clear path for retirement of Renewable Energy Certificates (RECs) on behalf of subscribers, or transfer to subscribers in a fair manner. Community Solar RECs should not be used for meeting utility Renewable Portfolio Standard compliance targets, but rather should provide additionality, be consistent with available incentive programs and mirror the REC attributes that net-metered customers receive.
- Parties suggest that there should not be prescriptive minimum contract terms for subscribers established by the Commission. Flexibility should be encouraged, to provide terms that are responsive to market conditions and customer preferences over a long term basis, up to 20 years.

### **Subscription pricing**

- The “Project Pool” concept still requires additional clarification, including what entity is envisioned to be the organizer of this pool and ultimately responsible for accurate reporting and regular updating. While Parties suggest that a project pool is not a necessary element, there is an appropriate role for transparent customer visibility into the anticipated costs and benefits of subscription. The pool should serve primarily as a project registry, and Parties support a model that does not

create additional regulatory burden on the Commission or on Community Solar Resource owners. If a pool is to exist, we recommend that there should be consistency in information related to project location, generation and total value, and not a focus on initial price. These are issues that should be addressed in a rulemaking and program implementation.

- Parties appreciate the Staff attention to questions related to the Oregon Residential Energy Tax Credit (RETC) and Energy Trust of Oregon (ETO) incentives. These incentives would serve to lower costs for customers, provide greater equity in accessing community solar opportunities, and should be considered by legislature.
- Assertions and comparisons by some stakeholders regarding intra-state regulation of community solar providers warrants further clarification and investigation. For example, the Washington State Utilities and Transportation Commission (UTC) issued a non-binding statement regarding non-economic regulation of certain solar service providers in 2014.<sup>2</sup> However, this discussion was limited to third party solar installers providing on-site rooftop solar leases to net-metered customers. It is important to note that there has not been proposed WA State UTC oversight of entities that operate as owners and “Community Solar Administrators” under WAC 458-20-273, and that even the proposed UTC language regarding third-party solar regulation was contentious and ultimately not adopted by legislators. In Oregon, there has not been direct regulation of third-party solar providers. Solar providers are registered and vetted for

qualification in incentive programs such as the Energy Trust of Oregon. Parties support the Staff recommended approach to consumer protection and regulation.

### **Bill Credits**

- The Parties generally support the Staff approach that provides flexibility and direction to the Commission to set bill credit rates. Staff has identified bill credits as a key component of Oregon community solar, and rulemaking on this issue will play a major role in the viability of any program model. Parties continue to assert that a bill credit rate informed by retail prices is appropriate for an initial phase of community solar.
- It is critical that the bill credit rate, net any administrative charges, be viable and fair for subscribers to develop the market for community solar. There should be clear oversight of any administrative charges, to ensure that they do not significantly erode subscriber value. Components of any administrative charges should be transparent, made available to the public and reflected clearly on customer bills.

### **V. CONCLUSION**

The Parties appreciate the opportunity to submit these comments in response to the UM 1746 Staff recommendations, and strongly support the adoption of the Staff recommendation, with the modifications suggested above. We submit these comments for consideration, and look forward to providing additional testimony to Commissioners on October 16<sup>th</sup>, 2015.

RESPECTFULLY SUBMITTED this 14<sup>th</sup> day of October, 2015.

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