July 24, 2019

Public Utility Commission of Oregon
201 High Street SE
Salem, OR 97301

RE: Docket No. UM1930 – Draft Proposal for Community Solar Interconnection

Dear PUC,

The Bonneville Environmental Foundation (BEF) appreciates the opportunity to provide our perspective on the community solar program and the associated interconnection complexities. The amount of work that the PUC and stakeholders have put into resolving these issues is appreciated and it is encouraging that some barriers could be overcome.

BEF would encourage the PUC to seriously consider whether treating community solar projects (CSPs) like qualifying facilities (QF) is the appropriate course of action, given the proposed and necessary compensation rates for the program (retail) and the negative implications of interconnecting a CSP like a QF. Net metered projects provide retail rate compensation to the owner or host and have well defined interconnection rules in Oregon which could prove to be beneficial for CSPs and allow the PUC to incentivize participation in the program.

Small projects may suffer

There can be costly implications of treating a community solar project like a standard QF, especially for small projects, as outlined in the following example. Over the past few years BEF has been developing solar on multifamily affordable housing with the goal of increasing solar access and benefits to underserved households. A 48kW DC community solar project in SE Portland has been several years in the making and secured several project grants to allow the project to be provided at no cost to the residents of this affordable housing facility. However, upon submitting the interconnection application our team learned that the utility will treat this project like a QF and require a primary voltage interconnect, so that any generation will be metered after any step-up transformer losses and the utility will not have to pay for those ½ percent losses. If this were a net metered project, we could simply interconnect to existing customer equipment at negligible added costs, at secondary voltage, and the utility would have to allow for any transformer losses that may occur when power is back-fed onto the grid. By requiring this project to install primary voltage switchgear, metering, all underground and pad mounted, we have estimated the additional interconnection costs to be $130,000 for a previously budgeted $140,000 solar project.

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This poses serious problems for the viability of all small community solar projects and must be addressed in any interconnection reform of rules the PUC will consider.

CSPs can be a wholly retail transaction

A QF designation for a CSP is solely a requirement based on how the PUC has decided that unsubscribed generation be compensated at wholesale levels, and it is not out of bounds to consider CSPs to be operating at exclusively retail rate compensation where the PUC will have more discretion over program specifics.

Foregoing any unsubscribed energy compensation would keep the project a wholly retail transaction and could allow for a path for CSP to be treated equivalently to a net metered project. For example, the PUC could change the rule to require unsubscribed generation to be donated to the electric company at "retail rates" to assist low-income participation in the program. This type of program design would be more equitable for community solar customers as we design this program as an alternative for those who cannot participate in rooftop solar.

Equity across the State's solar programs

A QF designation for community solar can create significant additional costs and there are benefits to treating CSPs like net metered projects. For example, cost estimates on interconnection can only increase by 25% of the original estimate, which requires more diligence on the part of the utility doing the study. This process creates more uncertainty and more volatile costs for CSPs compared to net metered projects.

Net metered projects are able to interconnect more cost effectively to customer equipment and the utility has the accounting processes in place to facilitate bill crediting. To apply different rules and more expensive requirements to community solar would be to disadvantage customer participation and impose unnecessary costs on the those solar customers, who will not be able to participate in the State's Community Solar Program as it will not be a cost effective alternative to roof top solar.

In addition, the previous Oregon Volumetric Incentive Rate (VIR) solar program allowed for interconnection to customer equipment, which reduced the cost of interconnection and more efficiently utilized customer owned infrastructure. Simply accounting the utility would net the amount of usage and generation on the back end to determine the true amount of customer consumption, even while the solar was feeding load behind the utility meter. This is a viable option for community solar as well, and the benefits of such a mechanism may outweigh the costs from a program perspective.

Potential solutions

While there may be other solutions that have not yet been identified we would present a few options which could solve some of these identified issues:

- Allow for projects to waive compensation for unsubscribed energy
- Dictate that unsubscribed energy is credited at retail rates to support low-income participation in CSP
- Allow for projects under 2MW to follow the net metering interconnection rules
- Allow for projects under 2MW to elect their service voltage and interconnection configuration

We are grateful for the PUC's willingness to overcome some of these barriers and work toward a functional and successful community solar program. We realize there will be many other considerations regarding interconnection and appreciate the contributions of the stakeholders in this process. This could be an opportunity for the PUC to make some meaningful changes to the program and incentivizing participation by Oregon's utility customers.

Sincerely,

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