

March 5, 2018

Oregon Public Utility Commission
Attn: Caroline Moore
201 High St SE #100
Salem, OR 97301

RE: UM 1930 Stakeholder Feedback

To the Oregon Public Utility Commission staff and Commissioners:

The undersigned organizations wish to thank the Oregon Public Utility Commission (OPUC) and staff for the thoughtful and inclusive approach regarding stakeholder engagement in the implementation of the Community Solar program. We appreciate your time and commitment to implementing a robust and equitable program.

Sustainable Northwest and our network of rural communities, collectively known as *Making Energy Work for Rural Oregon* (MEW), believe community-owned solar will be instrumental to meeting Oregon's clean energy goals. In addition, community solar provides an opportunity to lower electricity costs, increase rural energy independence and resiliency, generate local jobs and tax revenue, and serve as an integral driver for healthy rural economies. An effective program will value flexibility, maximize access and ease of participation, and provide appropriate incentives, timelines, and assurances so that owners, developers, and subscribers realize meaningful project benefits.

We realize the program is facing a critical juncture, with success hinging on the program implementation timeline and related value of solar dockets (UM 1910, UM 1911, UM 1912). Before addressing those concerns, we believe it's important to review the intent behind the statute for context.

Intent

Community solar is a model designed to increase access and benefits of solar renewable technology to customers that have been traditionally underserved. Generating local solar energy for residential needs often requires homeownership, a sturdy roof, significant upfront financing and other hurdles that has made solar out of reach for many. A 2008 study by the National Renewable Energy Laboratory found that only 22%-27% of residential rooftops are suitable for hosting on-site solar energy systems. The community solar model is purposefully designed to overcome logistical and financial hurdles, such as poor roofing, upfront financing, or limitations placed on rental or multi-family housing properties to facilitate increased solar energy system ownership and benefits accrual. The legislation that enabled this program, Senate Bill 1547, goes even further to mandate a 10% program carve out explicitly for low-income customers.

Therefore, we believe the program intends to increase access and affordability of renewable technologies to underserved communities, not establish another premium product for high-income customers like a voluntary green power program. For those reasons, the value at which customers receive a bill credit through participating in a

community solar project is critical to the goals and success of the program.

Value

The initial Resource Value of Solar (RVOS) calculations provided by the utilities through UM 1716, ranging from approximately \$0.045-\$0.052/kWh, are not sufficient for a robust and accessible program. This rate structure is far below the National Renewable Energy Laboratory's System Advisor Model suggested power purchase price that is needed to capture the average cost of energy delivered by a solar energy project.

The initial RVOS calculations are not yet concluded or adequately rigorous at this time, and are problematic to tie to the CSP bill credit rate. For example, the initial RVOS methodologies through UM 1760 (and subsequent UM 1910, 1911, 1912) takes a narrow approach, excluding environmental and social externalities, and does not correspond with impending RPS requirements. **A 20-year PPA that locks in this narrow scope will not include Oregon's RPS profile as a legislative requirement, nor future climate reduction goals. Due to the distinct possibility that new methodologies may be considered to meet the state RPS requirement deadlines, it is inappropriate to assign the RVOS value.**

We support alternative approaches to determining a just and equitable bill credit rate. One solution would be to first determine what a necessary and workable value proposition is for customers (cost-based method). This investigation would also determine what incentives would be needed for consumers, as mandated in the enabling legislation.

Another solution would be to value and operate the program similarly to existing net metering procedures, with subscribers receiving a retail rate. These approaches are encouraged to ensure an equitable and accessible community solar program.

The value for which subscribers receive a credit will surely be an essential decision, fastened to the success of the program. At best, a rate too low for project viability will encourage only larger projects that benefit from economies of scale, limiting the diversity of project size and reducing any benefit to low and middle-income customers. At worst, a poor bill credit rate will result in no projects and fail to realize the goals and intent of the program.

Timeline

We recommend that in order for the community solar program to meet the program launch goal of Q4 2018, an alternative rate must be assigned by spring 2018. Currently, UM 1760 and community solar implementation timelines do not align and will result in a delayed program. Time delays would have several negative impacts on the program, particularly due to the Federal Investment Tax Credit (ITC) stepping down after 2019. The ITC is a vital funding source for many solar projects, and even more important for projects intended to be equitable and accessible. Ensuring the program launches in time to access the ITC could support upfront program and administrative costs, streamlining processes before the tax credit decreases over time.

Oregonians overwhelmingly support community solar. There is a growing desire across the state to access the benefits of solar energy that have traditionally been enjoyed by only a small segment of the population. Community solar has the potential to greatly expand the benefits to all Oregonians, increasing community resiliency, creating local jobs, generating local tax

revenue through, reducing fossil fuel emissions and fostering vibrant rural economies.

As a coalition of municipal and community energy leaders, we appreciate the opportunity to weigh in at this critical juncture and applaud the PUC for a thoughtful and inclusive Community Solar implementation process. We look forward to working with the PUC, staff, and stakeholders to develop a meaningful and equitable program for Oregon.

Sincerely,

Sustainable Northwest

Lake County Resources Initiative

City of Milwaukie

Rogue Climate

Les Perkins, Hood River County Commissioner

Douglas County Global Warming Coalition

A&R Solar

Newcastle Solar