

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • com@dvclaw.com

Suite 450

1750 SW Harbor Way

Portland, OR 97201

July 30, 2021

Via Electronic Filing

Public Utility Commission of Oregon

Attn: Filing Center

201 High St. SE, Suite 100

Salem OR 97301

Re: In the Matter of Public Utility Commission of Oregon, Community Solar Program
Implementation
Docket No. UM 1930

Dear Filing Center:

Please find enclosed the Alliance of Western Energy Consumers' comments regarding the Oregon Public Utility Commission Staff's Draft Proposal in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Corinne O. Milinovich

Corinne O. Milinovich

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1930

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF) COMMENTS OF THE ALLIANCE OF
OREGON) WESTERN ENERGY CONSUMERS
)
)
Community Solar Program Implementation.)

I. INTRODUCTION

In response to Oregon Public Utility Commission (“Commission”) Staff’s Draft Proposal and Request for Comments (“Draft Proposal”), filed on July 16, 2021 in the above-referenced docket, the Alliance of Western Energy Consumers (“AWEC”) files these Comments. AWEC opposes Staff’s recommendation to release Tier 2 capacity for Portland General Electric Company’s (“PGE”) and PacifiCorp’s community solar programs.

Release of this capacity will significantly increase the cost to nonparticipating customers of an already expensive program and without any reasonable expectation that the changes Staff proposes for Tier 2 projects will resolve the problems that have occurred with the first tranche of projects. To date, the Community Solar Program (“Program” or “CSP”) has done little more than provide free energy to commercial customers. That is not what the Legislature intended when it created this Program and is not a policy worthy of other customers subsidizing. If the Commission is to expand this Program, it should do so only after it has clear evidence of the factors that have led to the existing shortcomings in the CSP and what changes are likely to

remedy those shortcomings. Alternatively, if the Commission does release Tier 2 capacity, it should do so only by approving a rate for this capacity that will prevent further cost-shifting from this program to non-participating customers, such as by using the resource value of solar to establish the credit value.

II. COMMENTS

A. The CSP has, to date, proven to be a costly and largely ineffective program.

Initially, AWEC wishes to express its deep concern with the cost of the Community Solar Program, particularly in relation to its benefits. If Tier 2 projects are released, PacifiCorp customers will pay nearly \$98/MWh for this energy, while PGE customers will pay \$112/MWh, resulting in a total cost to customers of nearly \$170 million.^{1/} While AWEC understands that the Commission adopted a credit rate for subscribers that would assure development of a program the Legislature mandated and that the Commission found to be in the public interest, the Commission oversees many programs that further public policy objectives and AWEC is aware of no other program that is structured like the CSP.

AWEC's members in PGE's service territory, for instance, can participate in a green tariff offering that shares characteristics with the CSP in that it provides a renewable energy option from a specified resource for cost-of-service customers. In approving PGE's green tariff, however, the Commission explicitly prohibited participating customers from receiving a credit against their cost-of-service rate to protect non-participating customers from cost-shifting.^{2/} PGE's green tariff program furthers a similar public policy goal to the CSP by

^{1/} Docket No. UM 1930, Staff Draft Proposal, at 7, 9 (July 16, 2021).

^{2/} Docket No. UM 1953, Order No. 19-075, at 5-6 (Mar. 5, 2019).

opening the opportunities for customers to acquire renewable energy, yet these programs are vastly different in terms of their impact on non-participating customers. Moreover, while the customers who have subscribed to PGE’s green tariff product are the ones for whom it was designed, the same cannot be said for the Community Solar Program. The Draft Proposal expresses a consensus view that the purpose of the program “is to establish an equitable opportunity for consumers that have not been able to access customer generation opportunities and incentives.”^{3/} Yet, 80% of Tier 1 capacity has been subscribed by commercial customers, and even the low-income subscriptions have come from multifamily housing providers rather than individuals.^{4/}

Similarly, the Legislature has mandated the development of direct access programs in Oregon,^{5/} yet no one has argued that cost-shifting to non-participating customers is a worthwhile consequence of expanding these programs. Similar to the treatment of cost-shifting in the direct access law,^{6/} SB 1547 requires that the rules governing the CSP “[m]inimize the shifting of costs from the program to ratepayers who do not own or subscribe to a community solar project.”^{7/} Staff’s Draft Proposal, however, expresses almost no concern or remedy for the substantial cost-shifting occurring today under the Program and that will be exacerbated by the release of Tier 2 projects.

If the Commission is to approve Staff’s Draft Proposal and further the disparity between the Community Solar Program and all other programs it oversees, then it should, at a

^{3/} Docket No. UM 1930, Staff Draft Proposal, at 4 (July 16, 2021).

^{4/} Id., at 2-3.

^{5/} ORS 757.601(1).

^{6/} ORS 757.607(1).

^{7/} SB 1547 § 22(2)(b)(B).

minimum, explain what is unique about this Program that justifies the special treatment it is receiving. From AWEC’s perspective, while the CSP has laudable goals, it has fallen well short of those goals, and in any event, those goals are no more laudable than the goals pursued by numerous other programs, like green tariffs, demand response, transportation electrification, and others – none of which result in the level of cost-shifting caused by the CSP. Further, the cost of the Program virtually assures that it will have limited impact because the utilities simply cannot provide energy to a meaningful portion of their customers at such a cost. And, with the passage of HB 2021 this year, the case for the CSP appears to have diminished. HB 2021 allocates \$50 million for the development of “community renewable energy projects.”^{8/} Thus, the Legislature has already provided a vehicle for further development of projects like those contemplated in the CSP. Far from a uniquely beneficial program, the CSP has, in practice, delivered benefits of questionable value and offers no prospect of a scalable model.

B. The Draft Proposal’s recommendations to remedy the failings of the Community Solar Program are not based on evidence or a thorough independent review of the program.

In addition to the high cost of the Program and its lack of success in meeting its objectives, it is also far from clear that the modifications Staff proposes for Tier 2 will remedy the failings from the first tranche. Staff’s changes are based almost entirely on unsubstantiated comments and recommendations from interested parties. As the Draft Proposal states, Staff’s recommendations rely solely on “a combination of *limited* project data, regular meetings with the

^{8/} HB 2021 §§ 29-36.

[Program Administrator (“PA”)] and the Low-Income Facilitator (LIF), *informal* conversations with Project Managers, and written and oral comments from stakeholders”^{9/}

For instance, Staff recommends a 2% escalator on the credit rate in part to offset an increase in acquisition costs associated with increasing the required residential participation level to 50%.^{10/} The conclusion that these acquisition costs will increase and by how much, though, is based entirely on an “estimate[.]” from the Oregon Solar & Storage Industries Association that such costs could increase “two to three-fold.”^{11/} Another rationale Staff provides for an escalator is that “Project Managers and the LIF report difficulty with residential recruitment and *suggest* that the value proposition of receiving a flat bill credit rate ... is not compelling.”^{12/} The justifications for a bill credit escalator are not based on evidence and data, they are based on speculation.

Other conclusions in the Draft Proposal are no more defensible. It states, for instance, that “overall project costs have not decreased since program launch, are not forecasted to decrease in the near term, and that project finances for Tier 1 projects are tight.”^{13/} These conclusions are based simply on what Project Managers, who are interested parties, have reported.^{14/} Similarly, the Draft Proposal recommends increasing the low-income subscription discount to 40% because the LIF “anticipates” that doubling customer bill savings will improve recruitment.^{15/} Notably, it seems likely that an increase to the low-income subscription discount

^{9/} Docket No. UM 1930, Staff Draft Proposal, at 3 (July 16, 2021) (emphasis added).

^{10/} Id. at 5, 7.

^{11/} Id. at 5.

^{12/} Id. at 8 (emphasis added).

^{13/} Id. at 6.

^{14/} Id.

^{15/} Id.

will further incentivize Project Managers to limit recruitment of low-income subscribers to the minimum 10%, as they have no financial incentive to exceed this level.

In short, there has been no attempt to evaluate the Community Solar Program comprehensively and objectively in the way a pilot program would normally be evaluated for successes and shortcomings. No data has been collected; no evidence has been assembled. Without this type of evaluation, it is difficult to be confident that the solutions Staff proposes that are based on little more than the estimates and anticipations of interested parties will create better outcomes for the Tier 2 capacity.

C. There is no compelling reason to release Tier 2 capacity that outweighs the costs of the program to non-participating customers.

The justifications Staff proposes for quickly releasing Tier 2 capacity before a comprehensive and independent evaluation can be performed are also not compelling, particularly compared to the customer costs and risks associated with this release. Staff offers two reasons for proceeding now: (1) allowing more residential participation; and (2) supporting project viability that may be threatened by delay.^{16/} With regard to the first rationale, there is no evidence of existing demand from residential customers for community solar – again, the vast majority of current subscriptions are by commercial customers. The Draft Report does not suggest that there is a queue of residential customers waiting to subscribe. Thus, while it may be reasonable to try to recruit more residential customers, that is not a valid basis for rushing release of the next tranche of capacity. Staff proposes that 50% of Tier 2 capacity be reserved for residential customers.^{17/} This condition could just as easily be imposed if the release of Tier 2

^{16/} Id. at 4.

^{17/} Id. at 4-5.

capacity is delayed, if after a robust review of the CSP a 50% reservation requirement is determined to be supportable.

Regarding project viability, Staff states that there is a pipeline of projects for the Program and delaying the release Tier 2 capacity risks increasing costs and risks on these projects.^{18/} Maybe so, but the Commission does not have a statutory duty to protect solar project developers; it has a statutory duty to “*represent the customers* of any public utility ... in all controversies respecting rates, valuations, service and all matters of which the commission has jurisdiction.”^{19/} Given the current and forecasted cost of the CSP on customers, the Commission should first and foremost require a robust and independent evaluation of Tier 1 of this Program before determining whether, and under what conditions, it should release Tier 2 capacity.

III. CONCLUSION

For the foregoing reasons, AWEC opposes the recommendations in Staff’s Draft Proposal and requests that the Commission delay release of Tier 2 capacity at least until a full, independent evaluation of the Community Solar Program is performed. Non-participating customers should not bear further costs from this Program without a clear demonstration that the benefits of the CSP justify these costs.

^{18/} Id. at 4.

^{19/} ORS 756.040(1) (emphasis added).

Dated this 30th day of July, 2021.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

Tyler C. Pepple

1750 SW Harbor Way, Suite 450

Portland, OR 97201

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

tcp@dvclaw.com

Of Attorneys for the

Alliance of Western Energy Consumers