



Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

July 30, 2021

Dear Chair Decker, Commissioner Tawney and Commissioner Thompson,

Oregon Solar + Storage Industries Association (OSSIA) strongly supports staff's recommended proposal for Tier 2 of the Community Solar Program (CSP). The most important goal of community solar is to expand access to clean energy, especially to tenants and low-income ratepayers. In addition, community solar plays an important role in helping the utilities reach their new climate goals, as a [recent article in the Oregonian](#) points out. We believe the proposal will improve the program in a number of ways and are anxious to see Tier 2 capacity released as soon as possible.

OSSIA believes the staff proposal addresses existing program concerns with innovative solutions. In Tier 1 Project Managers (PMs) experienced challenges signing up residential and low-income subscribers; the staff proposal to both increase the low-income discount and include an escalator provides needed support to increase uptake with these subscribers. While the new requirement for residential subscribers and the doubled discount for low-income subscribers will increase costs of projects, we believe the escalator should be able to cover most of those costs. OSSIA has concerns about the decrease in the rate for commercial subscribers, but we are hopeful that the combination of changes put forward will allow projects to succeed.

PMs have seen over the course of Tier 1 that the current rates are not high enough to allow for a robust recruitment of residential subscribers or to substantially increase the discount to low-income subscribers. The staff modeled an IRR when establishing the bill credit rates in 2019 that was less than the utilities regulated cost of capital, so definitely a reasonable proposal. The lack of national community solar developer participation is evidence that Oregon's program to date is not worth taking the financial risk; some PMs are struggling to make existing projects work under the current rates. In addition, project economics have tightened since the OPUC established the bill credit rate for the first tier of projects, resulting in project managers having to find ways to save costs solely so their projects can be built. For example, the Investment Tax Credit has decreased from 30% to 26% and the price of steel has doubled due to supply chain constraints caused by the global pandemic. Adding an escalator to rates is essential to make the new proposed requirements succeed. The passage of HB 2475 will protect non-participating low-income ratepayers from any cost impacts.

OSSIA shares staff's concern regarding how the increase in discount for low-income subscribers will impact Tier 1 projects that do not yet have their low-income requirement fully subscribed. Since the pandemic has negatively impacted the ability to recruit low-income subscribers, PMs still struggling to meet their 10% requirement should not be penalized. We look forward to working with staff on solutions to this concern.

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OSSIA supports the release of Tier 2 capacity as soon as possible so that projects – especially those on the waitlist – can move forward. We also support the retaining the carve-out capacity and to move the remaining Tier 1 carve-out capacity to Tier 2. Staff has discussed making improvements to the carve-out program during the next step of rule and PIM revisions. Carve-out projects especially need a rate escalator as their financing is often less flexible. We look forward to working with staff, particularly on interconnection challenges, to make carve-out projects more successful.

Staff has mentioned addressing other program issues in rulemaking/PIM changes. These changes to increase marketing and simplify the program for subscribers are important and we will continue to work with staff on them. However, OSSIA strongly feels that the rate changes in the staff proposal will have the biggest impact on the success of the program moving forward and encourage the commission to act swiftly to adopt staff's proposal.

Sincerely,

A handwritten signature in black ink that reads "Angela Crowley-Koch".

Angela Crowley-Koch
Executive Director