Sunthurst Energy, LLC

Oregon Public Utility Commission
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July 30, 2021
RE: Docket No. UM 1930 – UM 1930 Tier 2 Staff Recommendations

To whom it may concern:

Sunthurst Energy, LLC (Sunthurst) would like to thank staff and stakeholders with the opportunity to provide these comments (in addition to its First Set of Comments) to this program and a very pivotal juncture- the opening of Tier 2 Capacity. These comments are based on our experiences developing Oregon Community Solar (OCS) projects. First, we provide background by describing our pre-certified projects, Pilot Rock Solar 1, Pilot Rock Solar 2, Tutuilla Solar and two waitlisted projects, PP-2021-103 and 104. Then, we voice concern for some recommendations and finish by offering three new concepts to meet OCS Program's goals.

<u>Background:</u>
For over 5 years, Sunthurst has envisioned collaborative projects whereby its solar facilities would share benefits with other parties located in areas of demonstrated need. From this goal, our moto "Creating Solar Benefits Beyond the Grid":

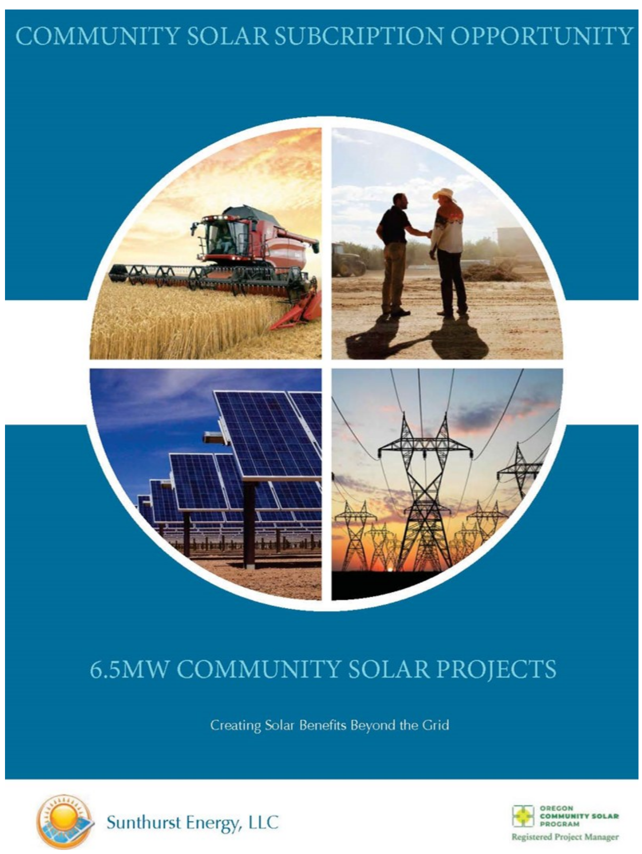


Figure 1- Sunthurst Moto since 2016

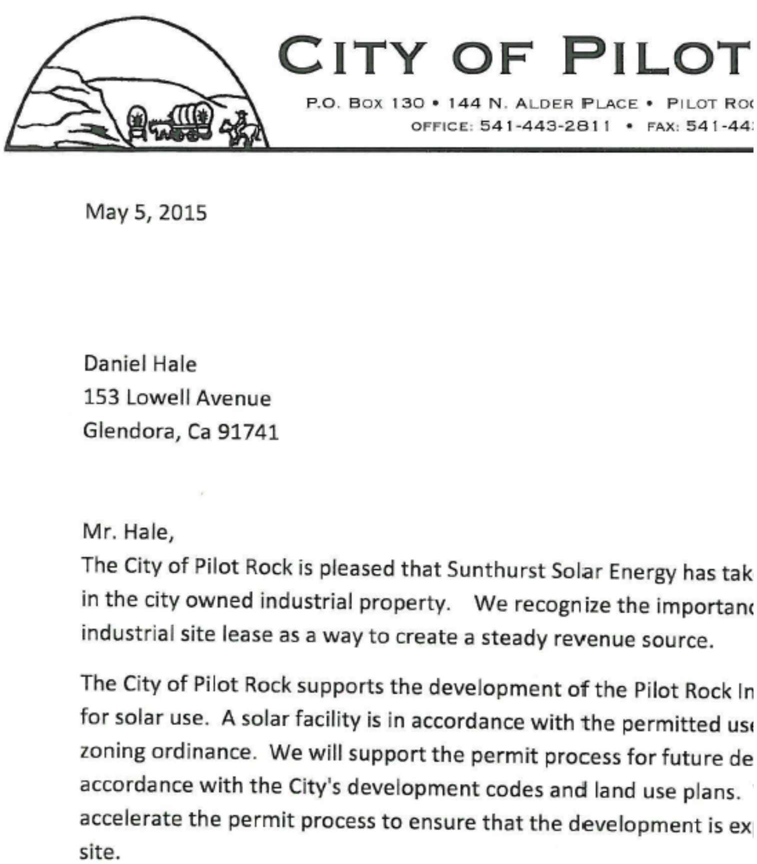
Five of our OCS projects involve non-profit or public entities. Our three pre-certified projects are in partnership with City of Pilot Rock, and our Tutuilla Solar Project is the ***only*** OCS project located on federal tribal trust lands--those of the Confederated Tribe of Umatilla Indian Reservation (CTUIR). All projects are in **Umatilla County, which ranks 34th of Oregon's 36 counties in income per capita (Fig. 2)**

Rank	County	Per capita income	Median household income	Median family income	Population	Number of households
1	Clackamas	$31,785	$62,007	$74,905	375,992	145,790
2	Washington	$30,522	$62,574	$76,778	529,710	200,934
3	Multnomah	$28,883	$49,618	$62,956	735,334	304,540
4	Deschutes	$27,920	$53,071	$61,605	157,733	64,090
	United States	$27,334	$51,914	$62,982	308,745,538	116,716,292
5	Benton	$26,177	$48,012	$71,763	85,579	34,317
	Oregon	$26,171	$49,260	$60,402	3,831,074	1,518,938
6	Gilliam	$25,559	$42,148	$52,885	1,871	864
7	Clatsop	$25,347	$42,223	$52,339	37,039	15,742
8	Columbia	$24,613	$55,199	$62,728	49,351	19,183
9	Jackson	$24,410	$44,142	$53,739	203,206	83,076
10	Lincoln	$24,354	$39,738	$52,730	46,034	20,550
11	Polk	$24,345	$50,975	$61,418	75,403	28,288
12	Yamhill	$24,017	$52,485	$61,524	99,193	34,726
13	Hood River	$23,930	$51,307	$57,644	22,346	8,173
14	Lane	$23,869	$42,923	$55,817	351,715	145,966
15	Curry	$23,842	$37,469	$53,340	22,364	10,417
16	Wallowa	$23,023	$41,116	$49,961	7,008	3,133
17	Union	$22,947	$42,162	$52,558	25,748	10,501
18	Tillamook	$22,824	$39,412	$50,779	25,250	10,834
19	Lake	$22,586	$41,105	$47,188	7,895	3,378
20	Crook	$22,275	$46,059	$52,477	20,978	8,558
21	Linn	$22,165	$45,832	$55,320	116,672	45,204
22	Klamath	$22,081	$41,818	$51,596	66,380	27,280
23	Grant	$22,041	$35,974	$43,521	7,445	3,352
24	Coos	$21,981	$37,491	$46,569	63,043	27,133
25	Wasco	$21,922	$42,133	$50,279	25,213	10,031
26	Marion	$21,915	$46,069	$54,661	315,335	112,957
27	Sherman	$21,688	$41,354	$52,361	1,765	777
28	Baker	$21,683	$39,704	$50,507	16,134	7,040
29	Josephine	$21,539	$38,035	$48,180	82,713	34,646
30	Douglas	$21,342	$39,711	$48,729	107,667	44,581
31	Harney	$20,849	$39,036	$46,626	7,422	3,205
32	Wheeler	$20,598	$33,403	$43,167	1,441	651
33	Morrow	$20,201	$43,902	$49,868	11,173	3,916
34	Umatilla	$20,035	$45,861	$53,585	75,889	26,904
35	Jefferson	$20,009	$41,425	$48,818	21,720	7,790
36	Malheur	$16,335	$39,144	$46,136	31,313	10,411

Fig 2- Source Wikipedia 7.23.21

Within Umatilla County, all three of our pre-certified projects are supporting ratepayers in communities with much lower income levels. **<u>City of Pilot Rock and CTUIR's US Census 2010 income per capita was $15,666 and $15,166, respectively</u>**.

Private-public projects, like these bring a significant amount of construction spending and lease revenue to these communities. Like Federal **Empowerment Zones, Enterprise Communities, and Renewal Communities, and State low income housing tax credits, our projects combat income equality in East Oregon. To date, the CSP program has been a disappointment. Our Pilot Rock Solar 1 and 2 were two of the earliest projects, but have been forced into** the **protracted complaint process. Our UM2118 is rich with concerning details** and are praying for relief **since April.** More recently, o**ur OCS024 project with CTUIR along with OCS062 and OCS063 have been stymied by high interconnection costs, which are the subject of UM 2177. Reality has fallen far short of the Joint Utilities' promises of simplicity and transparency, in Docket UM1930.** These highly impactful, rural projects wait, watch, and wonder if they will be deemed worthy to participate. **See Fig.** 3**, Pilot Rock community has been waiting since 2015 for a viable solar project.**


CITY OF PILOT

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May 5, 2015

Daniel Hale
153 Lowell Avenue
Glendora, Ca 91741

Mr. Hale,

The City of Pilot Rock is pleased that Sunthurst Solar Energy has tak in the city owned industrial property. We recognize the importan industrial site lease as a way to create a steady revenue source.

The City of Pilot Rock supports the development of the Pilot Rock In for solar use. A solar facility is in accordance with the permitted us zoning ordinance. We will support the permit process for future de accordance with the City's development codes and land use plans. accelerate the permit process to ensure that the development is ex site.

Figure 3.

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Sunthurst agrees with feedback from non-profits that this program suffers from excess complexity. This week a lender asked, "so, if the low income (LI) 10% requirement is not met, does this trigger a program default?" When I explain the 12-month exemption, they respond "so, the program's minimum subscription term is 10 years, so how do you subscribe someone for 1 year to backfill 10% LI exemption?" The Oregon CSP rules, and UM1930 rolling rulings are arduous and many lenders are confused by the details (1).

Concerns-

Tier 2 recommended changes for more residential participation or "individual" is noble and shared. However, proposed changes exacerbate challenges laid out. The nominal 2% escalator exchange for new rules *is unproven and program is not established.* Consider alone, projects need 100% subscribed for permanent financing. The 2% escalator only helps if projects get financing. We know before projects were pre-certified, the Program established a Clearinghouse resource on the main OregonCSP website. This offered access to projects accepting subscribers. Staff recommends are void of any on conversions through this resource. Is there no data to inform the program of barriers raise in these recommendations? In short, Only changes that *guarantee* improvement are wise for a gravely struggling Program.

Structurally, Staff's Draft Proposal, Item #2, "**2. Require minimum 50 percent of project capacity be subscribed to residential customers."**, is in conflict with the OAR's.

Specifically, OAR860-088-0080 (1), states, "(1) At least 50 percent of the nameplate capacity of each project must be allocated exclusively for ownership or subscription by residential and small commercial customers. This is inclusive of the low-income capacity requirement in section (2) of this rule." This is enumerated #1 and *ahead* of the 10% Low-Income Residential customers., *italics added.*

By contrast, the Legislature's reserves flexibility under Customer and Low-Income Capacity Requirement in OAR860-088-0080 (4), below. Legislature clearly represent similar flexibility in 860-088-0090 "(5) For any successive program capacity tier established by the Commission, participation limitations will be set forth in the order adopting the successive tier."

860-088-0080

Customer and Low-Income Capacity Requirements

(1) At least 50 percent of the nameplate capacity of each project must be allocated exclusively for ownership or subscription by residential and small commercial customers. This is inclusive of the low-income capacity requirement in section (2) of this rule.

(2) At least 10 percent of the total generating capacity of the Community Solar Program must be allocated exclusively for use by low-income residential customers. The respective bill credits associated with this allocation must be linked to discrete low-income residential customers.

(3) A Project Manager must submit a plan with the application for project pre-certification describing how the project will satisfy applicable low-income capacity requirements and outline how the Project Manager will work with the Low-Income Facilitator on outreach efforts.

(4) The Commission may establish by order a funding mechanism to facilitate participation of low-income residential customers.

Stat. Auth.: Oregon Laws 2016, chapter 28, section 22
Stats. Implemented: Oregon Laws 2016, chapter 28, section 22
Hist.: NEW

But it's on a Participates section, not capacity limits.

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But this is good news and solidly grounding in OAR860-088-0080 (4) states, "The Commission may establish by order a funding mechanism to facilitate participation of low-income residential customers." If low-income residential customers are at issue, a funding mechanism's is the solution and the basis for our recommendations (1-3, below).

Preface:

- Avoid subjected and optimistic trade-offs and increase the Bill Credit to correct for current and undeniable near-term cost increases. Make correction retro-active to un-waivered Tier 1 projects to make them equitable.

- Keep Tier capacity limits as per OAR 860-088-080(1); then incentive more residential by either a higher rate, an escalator or both. Must be straightforward.

<u>Recommendations:</u>

1) Under, the authority of OAR 860-088-080(1)s of this funding mechanism provision, and given Joint Utilities affirm PUC's authority over OCS Program is from Net Energy Meter program [1] Staff, PA Team and Utilities can re-assign all the retail kwh relinquished by current and future NEM customer as per their agreement require into a reserve fund or virtual "Cloud" solar system, or series of systems. Systems which over generate can easily be tallied to a marginal number, say 1-3ea 360kW sized systems. The LI coordinator alone, the utilities alone, together, or in conjunction with one of the non-profit developers seeking participation. One or together, they recruit low-income individuals to sign up directly. The excess generation at original NEM customer rate is the retail rate, and it can be recognized at the 20% or 40% book value PUC wants. We suggest, the book value retain a portion of value (10-20%) that goes to the PA team to lower the fee burden on all non-cloud projects. As so long as utlity is not paying the NEM customer, there is not deviation. Also, all low -income programs have their own funding sources. This retail value if extra energy absorbed locally to the excess generation customer is unutilized and been wasted. Devise a fund to share this donate kwh and you have more shared benefits.

2) Open to everyone, or perhaps to incent a 10% residential participation threshold, use PUC existing authority under OAR 860-029-0060, and allow System developer to defer utilities crushing interconnection schedule (SGIA, Attachment 5) and pay for upgrades up to 10years (50% of the contract allowed) and have costs paid from the system proceeds. PUC can use OAR860-088-0080 (4) to create some reserve fund to assure Jt. Utilities their deferred costs in event of some default will be reimbursed. To be clear, the OCS projects under current bill credit and other challenges, should be granted blanket authority under this program (recall, OCS is special, limited universe of QF projects, Jt. Utilities were willing to support)? It is extremely harmful to the proforma and unreasonable from a commercial transaction standpoint, that generators are expected to pay 100% of interconnection costs (very front-loaded schedule) before turning on the system.

3) PUC can encourage periodic un-used public-purpose funding from customer bills and use in a OCS-only reserve account to access by project managers for delinquency and non-payment risks directly connected with higher risks to project's income as viewed by lenders financing these projects.

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[1] um1930hac16747, pg 5 and um1930hac163215, pg. 4, line 8, etc.

4) Create a reserve fund for the excess OCS generation unsubscribed and line NEM program- instead of wasting it, let the PA team auction the value off and any excess proceeds go toward, low income residential program in the proximity of the program. Example, our Pilot Rock 2 has 50,000kW of unsubscribed energy for 2026, have them auctioned off in 10,000 kwh blocks with floor set at avoided rate. The proceeds could go to program pre-registered low-income residential customer that may not sign up for a 10-year agreement or for admin fees.

We pray the Commission will satisfy its low-income ratepayers' goals by not altering Capacity limits set in Tier 1, but use its funding authority to assign unsubscribed energy to PacifiCorp's existing Umatilla County low income customers we do not have foreseeable access to.

Sincerely,
/s/Daniel Hale
Principal
Sunthurst Energy, LLC