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July 30, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 1930 Community Solar Implementation PGE's response to July 16, 2021 Staff
Recommendations on Community Solar

Dear Filing Center:

PGE appreciates this opportunity to comment on Staff's July 16, 2021 recommendations for the Community Solar Program (CSP), namely: to release the remaining 80 MW of capacity; introduce a 50% residential customer carve out; to maintain the low-income residential target of 10% of total energy; to increase the low-income subscription discount from 20% to 40%; to adjust the bill credit to 90% of Tier 1 for commercial customers; to add a 2% annual escalator to the bill credit, and to maintain a 25% small project carve out and move Tier 1 small projects into Tier 2.

PGE is heavily engaged in implementing CSP throughout our operations. PGE represents this program through the customer bill and responds to customer questions about the program. PGE's customers fund this program, and they contact PGE to verify project claims and to better understand the program. PGE is invested in this program.

PGE's overarching interests include that program guidelines align with the program's policy objectives, and that these objectives are furthered in a manner that follows the statutory guidance to minimize cost impacts to non-subscribers. From PGE's review of legislative history, workshop comments and Commissioner comments, PGE understands the program's policy objectives to be:

- Provide access to renewables for customers who otherwise lack access to renewable programs (due to income, rental status, or other)
- Increase customer choice
- Incentivize local economic development
- Provide wealth creation opportunities for low-income residents
- Support producer diversity

CSP Alignment with Policy Objectives

PGE supports Staff's recommendations to reserve 40% of the program's energy for residential customers and to reduce the bill credit offered to commercial customers. Both adjustments will diversify the subscriber base and interrupt the commercial bias demonstrated in Tier 1 subscriptions. Per the May 1, 2021 Program Snapshot, 95% of subscriptions to date are held by non-residential customers.

PGE does not object to maintaining minimum program targets for 10% of energy for low-income subscribers and 25% of capacity for small projects but is disappointed that these targets are not increased. These provisions are key to the program's policy drivers and the unique role that Community Solar plays within customer offerings generally; the program's orientation should be to maximize these targets. Staff Recommendations do not leverage the unique opportunity that this program provides to benefit low-income customers who lack access to other renewable options, and to support new project ownership models.

PGE questions whether all small projects will benefit from moving into Tier 2, given the lower pricing associated with low-income subscriptions. The small project carve-out encompasses all community-based, non-profit projects. These are the projects that will seek to maximize community benefit, providing the most direct link to the program's policy objectives. For projects targeting low-income populations, the economics are more challenging in Tier 2 if the deeper subscription discount is mandated. Project revenue associated with low-income subscriptions will fall by 25%. Annual bill escalation does not make up for this revenue reduction. Projects such as the City of Prineville/Community Action Partnership of Oregon project, which intends to target 100% low-income subscribers, may be rendered economically unfeasible.

Timing for the Tier 2 Capacity Allocation Release

Immediate release of Tier 2 does not serve the program's policy objectives. Currently less than 3% of the capacity released in Tier 1 is energized. The filling of Tier 1 and thus rapid release of Tier 2 responds to the readiness of wholesale developers active in the PURPA market that preceded the Community Solar Program. In contrast, there was not a queue of small projects ready to move forward when this program opened. We don't yet know how successful small projects can be or the extent of community interest in partnering on small projects. Neither small projects nor low-income subscriptions benefit from an immediate release of Tier 2. Rather, immediate action limits the growth of these important program components. PGE recommends delaying the Tier 2 release so that the first release can serve the pilot function that was its original intention. Guidelines for the program's final allocation should reflect greater confidence in solutions to benefit low-income customers and community-based projects.

Increasing Low-Income Customer Participation

The program has been challenged in acquiring low-income customers, including:

1. No in-person customer acquisition efforts due to COVID.
2. Existing bill hierarchy leading to lack of clarity around Low Income Home Energy Assistance Program (LIHEAP) intersection and possible loss of LIHEAP benefits, and loss of utility customer protections if unpaid bills are directed to the project rather than the utility.
3. Limited engagement of agencies that serve low-income households, such as Community Action Agencies or other community-based organizations, due to the above obstacles. These agencies communicate with and provide services to thousands of low-income customers each month.
4. A program design that is complicated because it seeks to mimic net metering, a program and investment that customers undertake after significant research and consideration, and in which less than 2% of PGE's residential customers currently engage.

Resolution of the first three of these issues has been identified but not yet implemented. As a result of working through these obstacles, we understand that low-income outreach efforts will soon move forward in earnest.

PGE recommends that the program undertake market research, or if completed, document and share those findings, to elicit feedback on the experience of both subscribers and customers who opted not to subscribe. This could lend weight to Staff's Recommendation or highlight alternative actions, such as an adjusted program structure or contract terms. In PGE's own customer outreach, we find that the bulk of our customers highly value clean energy and also need very simple solutions with which they can easily engage. PGE would like to support this program's understanding of the customer experience and will seek greater opportunities to collaborate moving forward.

Transparency and Data Based Decision-Making

Policy decisions grounded in data that are documented, transparent, and vetted with stakeholders, lead to greater acceptance and more enduring decisions. Tier 2 recommendations are not adequately supported by transparent data. Staff's recommendation of a 2% annual rate escalation responds to Project Manager input. Without access to a project model and the assumptions and inputs that drive the model, neither stakeholders nor decision maker can assess the reasonableness of the Recommendations. The Commission sets prices for both the Community Solar Program and for Qualifying Facilities. In Schedule 201 avoided costs, the model and all assumptions within it are available to and debated across stakeholders. The Community Solar Program should be regulated with the same transparency.

In closing, PGE notes the 2019 comments of Chair Decker when she noted that with CSP, the Commission is adopting a new function. It is not only assuming its traditional policy and decision-making function but also assuming a program implementation function as well. The Commission is in a challenging position with its role as policy and program creator, program implementer, and regulator, and under significant pressure to make this legislatively mandated program a success. We ask that while taking on its oversight role, the Commission not rush to release a second capacity tranche and base any changes to the existing program on a record supported by data that is documented, robust, and transparent to all stakeholders. To more fully meet the program's objectives, PGE supports the direction of increasing energy reserved for residential customers (over commercial customers), increasing the low-income participation beyond 10%, and increasing capacity for small projects.

Thank you for the opportunity to provide this feedback, aimed at creating a robust and successful program that realizes CSP's founding vision.

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing and Tariffs

cc: UM 1930 Service List