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**Comments by the Solar Parties Regarding the UM 1930 Credit Rate "Review" Check-in Process**

The Oregon Solar Energy Industries Association and Coalition for Community Solar Access (Solar Parties) greatly appreciate the Public Utility Commission's (Commission's) pursuit of the alternative credit rate in response to concerns with the resource value of solar (RVOS) timing and value. As we understand it, the Commission's decision on April 24 was to: establish the simple residential retail rate for 25% of the initial capacity tier; and of that, reserve 25% for projects up to 360 kW. A "review" of the market response to this "interim" solution will, in turn, inform subsequent steps taken with the credit rate and capacity allocation. We do hold concerns with the April 24 decision which we briefly highlight below, however the primary purpose of the following comments is to seek clarification and offer recommendations regarding the review and transition component of the interim credit rate.

The Solar Parties find the simple retail rate as by far the best option of those presented in the Staff Report, and we appreciate the goal of creating an opportunity for smaller projects to participate in the program. That said, we maintain concern with the rate's viability in supporting a diversity of projects, particularly in PGE territory, and its ability to weather the costs associated with low-income subscriber participation and program administrative costs. Unlike the retail rate available to net metering customers, which rises with rate increases, the lower rate proposed in the Staff Report is – based on the ETO analysis and supported by industry and other stakeholder input - marginal at best for larger projects in PGE territory, even before accounting for low-income and program administration costs.

We're also concerned the sub-tiering of the initial capacity tier (i.e., sub-initial capacity allocation) will create hurdles to spurring and maintaining abundant developer interest and creating competitive subscription options for customers. Further, given the marginal economics of the program, and no incremental incentives, it is unlikely that the 25% small project reserve will be fully used. Recent market experience[1] demonstrates that community solar projects are rarely below 500 kW due to challenges with project economics, financing, and developer interest.

In partial response to these concerns, we place a high emphasis on the importance of the "review" check-in process, which the Commission appears to have informally deferred to the implementation manual. Because a review process could be complex, it is very important that the Commission Order be clear about when the review process will begin and what will happen with the program as the review is underway.

We recommend the discussion of this "review" process and surrounding implications begin sooner rather than later to reduce the burden on the development of the implementation manual as well as to

[1] See public community solar development queues for MA, MD, and MN.

improve transparency in the direction of the program. We recommend the following to ensure that the credit rate review process does not impede a successful launch of the program:

- **Use time limits in tandem with capacity targets for triggering reviews and adjustments.** In its April 24th meeting, the Commission discussed a review of program rates following the sub-initial capacity allocation. Given the possibility that capacity will not be used (particularly for small projects in PGE territory), the Commission should also set a deadline of 4 months for initial project applications from the date of the program launch to reconsider the credit rate and capacity allocations for both sub-360 kW and above-360 kW projects. There should be an ability for immediate rate adjustments to spur project development without losing critical time to leverage the 30% ITC.
- **Announce new rates well in advance of any potential transitions.** An unknown future credit rate results in a "cliff" for the market which paralyzes development and impedes momentum. The review, development, and identification of a potential successor credit rate should begin prior to, as opposed to after, the "trigger" point.
- **Establish value and accessibility as ongoing principles for evaluating a potential rate change.** The interim credit rate established on April 24 was driven largely by this objective and it should be maintained throughout all rate assessments. The program should continue to ensure opportunities are created for customer participation beyond the sub-initial capacity allocation.
- **Use economic analysis, in addition to market response and stakeholder feedback, to inform rate levels.** Even if the sub-initial capacity allocation is fully applied for following the program launch, that alone will not be sufficient evidence for determining the merit of any rate adjustments. The Commission, Staff, and Program Administrator should be equipped with a robust economic model and methodology for evaluating rate viability in the market. Any analysis should be transparent and also incorporate feedback from industry and stakeholders.

The Solar Parties look forward to continuing our engagement on this important issue, in addition to the remaining implementation details, in the coming months. We appreciate the Commission and Staff's efforts to address and balance concerns among stakeholders while maintaining an open and collaborative process.

Respectfully submitted,


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