

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1930

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON,

Community Solar Program Implementation.

COMMENTS OF  
RENEWABLE NORTHWEST

**I. Introduction.**

Renewable Northwest thanks the Oregon Public Utility Commission (“Commission”) for this opportunity to comment on the proposals that Commission Staff (“Staff”) presented for an interim alternative community solar bill credit rate (“alternate rate”). We also thank Staff and other stakeholders for their efforts to inform the Commission as it determines an alternate rate that can accomplish our common goal: launching a successful program that results in equitable opportunities for Oregon utility customers to access community solar projects (“CSPs”).

In preparing these comments, Renewable Northwest was mindful of the Commission’s direction that Staff consider the following factors in developing its proposals: 1) the Commission will transition to an RVOS-based rate; 2) a rate should both lead to participation and minimize costs to non-participants; 3) any modified rate which distinguishes among categories of projects should recognize that projects closer to load may provide more system benefits; and 4) other jurisdictions’ community solar programs.<sup>1</sup> The Commission also noted simplicity as a desirable feature of an alternate rate.<sup>2</sup>

In Section II, we recommend that the Commission adopt Staff’s Simple Retail Rate proposal as it would achieve the Commission’s goal of avoiding delay. Section III of these comments highlights the possible role of rate adjustments at a later time, but notes that the record supports the need to adopt a rate as soon as possible. In Section IV, we recommend the Commission not adopt Staff’s “Adjusted Resource Value of Solar” proposal as it relies on preliminary and unvetted estimates submitted as part of an ongoing proceeding. Finally, Section V addresses our additional reactions to Staff’s report.

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<sup>1</sup> UM 1930, Order 18-088 at 4-5 (Mar. 19, 2018); *see also id.*, Staff Report at 4-5 (Apr. 10, 2018).

<sup>2</sup> *Id.* at 5.

## **II. The proposed Simple Retail Rate would allow for the development of a community solar program in a timely manner.**

Renewable Northwest encourages the Commission to adopt Staff’s proposed Simple Retail Rate. The Simple Retail Rate is a practical option that can allow the Commission to act in the near term to meet the legislative intent that the Commission “develop a Community Solar program in a timely manner, and that the program result in subscription options being made available to customers.”<sup>3</sup>

The Commission has recognized the importance of adopting a bill credit rate that allows this program to maximize its ability to leverage incentives. In Order 18-088, the Commission noted that “pushing the launch of the Community Solar program out to accommodate the timeline and processes of the RVOs proceeding risks jeopardizing federal tax credit value associated with the investment tax credit (ITC).”<sup>4</sup> The Commission also “identified delay as an outcome [it] wish[ed] to avoid.”<sup>5</sup> Indeed, these timing issues were the basis of the Commission’s finding that “there is good cause to consider an interim alternative bill credit rate.”<sup>6</sup>

The Simple Retail Rate proposal is the best fit for an alternate rate because it can be implemented immediately and has been proved successful elsewhere. For example, Massachusetts launched a successful<sup>7</sup> community solar program with over 130 MW installed as of November 2017 by offering retail rate at the outset.<sup>8</sup> Now that the program has thrived, Massachusetts is transitioning to a modified rate that includes adders and deductions.<sup>9</sup> The Commission encouraged Staff to “highlight or base proposals on the rates set by other states.”<sup>10</sup> Massachusetts’ experience weighs in favor of Staff’s Simple Retail Rate proposal.

## **III. The procedural time necessary to determine rate adjustments could jeopardize the program.**

While we encourage the Commission to adopt Staff’s proposed Simple Retail Rate, we acknowledge that adopting an adjusted rate in the future may be appropriate and necessary for a successful program. In discussing a retail rate-based solution, the Commission expressed an

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<sup>3</sup> See Order 18-088 at 2.

<sup>4</sup> *Id.*

<sup>5</sup> UM 1930, Order 18-088 at 2 (Mar. 19, 2018).

<sup>6</sup> *Id.* at 3.

<sup>7</sup> Massachusetts’ program is second in the nation for installed capacity after Minnesota. See, e.g., Herman K. Trabish, “A tale of 2 states: Massachusetts and California provide different lessons on growing community solar,” *Utility Dive* (Nov. 30, 2017), available at <https://www.utilitydive.com/news/a-tale-of-2-states-massachusetts-and-california-provide-different-lessons/511598/>

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> UM 1930, Order 18-088 at 4 (Mar. 19, 2018).

interest in adjustments as a potential tool to tailor incentives in the program.<sup>11</sup> Adjustments could address the Commission’s desire “not to over-incent projects with significant economies of scale”<sup>12</sup> or to incentivize projects that bring certain system benefits.<sup>13</sup> However, the time required to determine the type and magnitude of those adjustments could lead to adoption of an alternate rate well past April 2018, decreasing the likelihood of program success. While the current record appears insufficient to support a particular type or level of adjustments, i.e. those proposed by Staff, the record supports the need to adopt a rate as soon as possible—and it supports adopting the Simple Retail Rate as an interim solution.

#### **IV. Initial RVOS filings are preliminary and are a premature basis for the bill credit rate.**

Renewable Northwest strongly recommends that the Commission not adopt Staff’s “Adjusted Resource Value of Solar” proposal as it relies on preliminary and unvetted estimates submitted as part of an ongoing proceeding. The proposed Adjusted Resource Value of Solar would use as its base rate the preliminary RVOS estimates that the utilities filed in response to Order 17-357 under Dockets No. UM 1910, UM 1911, and UM 1912.<sup>14</sup> Order 17-357 also gives the utilities discretion to propose some of the methodologies used for estimating certain elements.<sup>15</sup> Using those preliminary estimates to set rates for community solar is inappropriate because they are initial numbers filed as part of ongoing contested cases. Significant process remains in those proceedings before the Commission adopts utility-specific RVOS figures.

On January 27, 2015, the Commission opened docket UM 1716 to determine the RVOS.<sup>16</sup> The Commission has since stressed the importance of “obtain[ing] a proper analysis” and “not prejudging potential future uses” of the RVOS; to achieve these goals, the Commission decided to “utilize a contested case process with pre-filed testimony and an opportunity for evidentiary hearing.”<sup>17</sup> After multiple rounds of testimony and briefing as well as formal hearings, the Commission issued Order 17-357 on September 15, 2017, “direct[ing] the utilities to develop initial RVOS calculations and file them in new, utility-specific dockets by November 30, 2017.”<sup>18</sup> PacifiCorp, Idaho Power Company, and Portland General Electric accordingly filed initial RVOS calculations. Stakeholder testimony responding—sometimes critically—to the utilities’ proposals has been filed in each docket.

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<sup>11</sup> *Id.* at 5.

<sup>12</sup> UM 1930, Order 18-088 at 5 (Mar. 19, 2018).

<sup>13</sup> *Id.* at 4.

<sup>14</sup> UM 1716, Order 17-357 at 2.

<sup>15</sup> *See e.g.* Order 17-357 at 2 (directing utilities to use 12 x 24 hour blocks for energy prices, and to include a detailed explanation of how they created the 12 x 24 hour block).

<sup>16</sup> Docket UM 1716 followed two years of work by the Commission “[i]nvestigat[ing] the resource value of solar” as directed by H.B. 2893.

<sup>17</sup> Docket UM 1716, Order 15-296 at 2 (Sept. 28, 2015).

<sup>18</sup> Docket UM 1716, Order 17-357 at 1 (Sept. 15, 2017).

Staff's proposed Adjusted Resource Value of Solar rate would countermand the deliberate process that the Commission has established for determining the RVOS based on "a proper analysis." Therefore, Renewable Northwest recommends that the Commission not adopt Staff's proposed Adjusted Resource Value of Solar rate.

## **V. Additional Reactions to Staff's Report.**

### *1. A reverse auction is not appropriate for selecting community solar projects.*

Renewable Northwest appreciates Staff's investigation into reverse auction incentive structures, as ordered in Order 18-088<sup>19</sup>, but respectfully disagrees with Staff's proposal to use such a mechanism to determine which CSPs are selected for development under either an Adjusted Retail Rate or Adjusted RVOS alternate rate regime. Under Staff's reverse auction proposal, the Base Rate selected by the Commission would serve as a ceiling on CSP bids and only the least-cost CSP proposals would be selected for development. Staff acknowledges that certain classifications may be necessary "to help ensure project type and Project Manager diversity," but even with such a classification system, a reverse auction would be a blunt instrument for selecting projects and could undermine the Commission's goals for assuring the success of Oregon's community solar program.<sup>20</sup>

### *2. Statements on cost-shifts as a result of adoption of a rate proposal are premature.*

Accurately estimating potential cost-shifts that could result from an alternate rate is not possible without a finalized RVOS.<sup>21</sup> The Commission is rightly concerned that an alternate rate should lead to program participation at the lowest possible cost to non-participants. However, statements that a proposed alternate rate would shift costs to non-participants are premature unless informed by an estimate of the net value of a community solar project to the utility's system. Collectively, we expect that the finalized RVOS for each utility will provide us an estimate of that value.

Furthermore, estimates of cost-shift that rely on PURPA avoided cost rates are of limited use to this process. We recognize that Staff had limited information available to estimate the magnitude and direction of any potential cost-shifts from its three proposals.<sup>22</sup> However, estimating cost-shifts by way of PURPA avoided cost rates likely overstates any cost-shifts as it would not include benefits that would be quantified by an RVOS. It also assumes that cost-shifts can only happen from participants to non-participants. While the RVOS will likely be informed by PURPA inputs, it will also include estimates of various elements that we understand are currently not considered when setting utility avoided cost rates.

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<sup>19</sup> UM 1930, Order 18-088 at 5 (Mar. 19, 2018).

<sup>20</sup> Staff's April Report at 8.

<sup>21</sup> UM 1930, Order 18-88 at 3.

<sup>22</sup> If a cost-shift would exist as a result of a particular rate that cost-shift may flow from participants to non-participants or from non-participants to participants.

## **VI. Conclusion.**

Renewable Northwest is grateful to the Commission for this opportunity to comment as it prepares to adopt an interim community solar bill credit rate. We also thank Staff for presenting three proposals for the Commission's consideration.

We encourage the Commission to adopt Staff's proposed Simple Retail Rate. We look forward to advancing this vital conversation about the future of community solar in Oregon, and appreciate the Commission's consideration of our recommendation.

Respectfully submitted this 17th day of April, 2018.

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