Arcadia

January 28, 2021

Oregon Public Utility Commission
Oregon Community Solar - Low-Income Recruitment Penalty
Request for Comments - January 14, 2021

Thank you for the opportunity to provide feedback to the Oregon Public Utility Commission on the proposed penalty for failing to subscribe 10 percent of project capacity to low-income subscribers within one year of certification. Commission Order 20-387, which temporarily waives, for a period of 12 months, the 10 percent low-income customer requirement for all Project Managers demonstrates the Commission's ability to adjust program requirements as needed during the unforeseen challenges that have arisen due to the COVID-19 pandemic. We appreciate the ongoing efforts of the Commission and Commission staff to ensure a thriving Oregon Community Solar Program.

Background

Founded in 2014, Arcadia is the first nationwide digital energy services platform. We connect residential utility customers with clean energy while helping them save money. Depending on the local market structure, we provide a number of services to our customers, including renewable energy credit purchasing, retail supply brokerage, and community solar. We currently have more than 450,000 customers, spread across all 50 states.

Arcadia is the market leader in managing residential community solar subscriptions. We have more than 35,000 customers signed up to join community solar across DC, CO, IL, MA, MD, ME, NY, and RI, and more than 450 MW of community solar projects under management, with 150 MW in operation and already providing savings to subscribers. In Oregon, Arcadia is already serving more than 5,000 residential customers who could be offered a spot on a community solar project as soon as commercial operation dates approach.

We have developed the most consumer-friendly approach to community solar in the market, providing a simple, two-minute sign-up with guaranteed savings, no credit checks, and no cancellation fees. Our proprietary software includes algorithms that automatically match customers to project, manage churn replacement, optimize allocations across every subscriber, and check for billing errors, every month, to ensure full subscription rates without imposing any risk on the customer.

1. **Describe the financial impact to the Project Manager of forfeiting unsubscribed energy payments for low-income capacity, and whether this is an effective penalty.**

The financial impact to a Project Manager of forfeiting unsubscribed energy payments for low-income capacity will be significant. This will encourage Project Managers to continue to recruit low-income subscribers until they reach the 10 percent threshold. However, Arcadia would encourage the Commission to create additional granularity in this penalty. For example, consider a Project Manager that has reached 8 percent low-income subscribers versus a Project Manager that has reached 4 percent low-income subscribers. The former project has clearly performed better than the latter and should not face the same penalty level. Structuring the financial penalty to work on a scale allows this difference in performance between projects be more accurately reflected in the penalty. For example, each percentage point a Project Manager gets closer to 10% low-income subscribers would result in a lower financial penalty for the remaining percentage. A Project Manager will still have the incentive to continue low-income recruitment, but the penalty will more accurately reflect each Project Manager's relative status towards the program requirement of 10 percent.

2. **Describe the impact/risk to low-income customers if Project Managers fails to recruit the required allotment within 12 months of project certification.**

If a Project Manager fails to recruit the required allotment within 12 months of project certification, the impact/risk to low-income customers is the missed opportunity of bill savings and participation in a community solar project.

3. **Are there other financial penalties, or non-financial penalties that could be levied on Project Managers for failing to recruit the required low-income subscription 12 months after project certification?**

We don't recommend additional penalties at this time. The Commission and Commission staff should continue to work closely with Project Managers on the specific hurdles they are facing with low-income recruitment.

4. **Some Project Managers have opted to recruit low-income customers on their own, while others have opted to rely on the Low-Income Facilitator for all or a portion of their projects' low-income recruitment requirements. Describe whether and/or how Staff should consider separate penalties for Low-Income Facilitator versus PM-led recruitment.**

The Commission should certainly consider separate treatment of Project Managers that rely on the Low-Income Facilitator versus those that are solely responsible for low-income recruitment. A well structured penalty produces an incentive for the one receiving the penalty to comply or comport with the desired market outcome. In this case the desired result is for all Project Managers to meet the required 10 percent low-income subscriber threshold for community solar projects. If the Project Manager is relying on the Low-Income Facilitator for this recruitment, but the Project Manager is the one being penalized, that is a failure to properly align incentives. In this case, the penalty must be levied on the Low-Income Facilitator themselves.

5. **How can the Low-Income Facilitator best assist Project Managers in their recruitment of low-income customers?**

The Low-Income Facilitator can best assist Project Managers in the recruitment of low-income customers by continuing to examine program wide data on recruitment and identifying the most successful processes for placing low-income subscribers on projects. They can also work with the Commission to identify if any additional financial incentives or bill credit rate structures should be modified to reflect the true cost of low-income recruitment.

6. **Are there any other risks or inequities (for low-income customers, Project Managers, or other stakeholders) Staff and the Program Administrator should consider in its recommendation?**

The best thing that could be done for low-income customers is to prove out a successful community solar program, and have continued interest in projects being developed and open for subscribers. Arcadia believes a significant consideration in this process should be the potential for long-term harm to the market if there is not continued flexibility in fulfilling the low-income requirement. At this time, during a global pandemic, recruitment for all customers is increasingly difficult, and low-income subscribers are no different. A key element to a successful community solar market is educating customers about what community solar is and the potential benefits to a community solar subscription. Traditional marketing efforts are valuable, but word of mouth from existing subscribers is potentially the most valuable marketing channel. It would be unfortunate for the program to ultimately fail because the rules and requirements were overly prescriptive in the initial days of the program. We have seen across the country that the best tool for recruitment is the ability to point to other program participants and the benefits they are seeing from a community solar subscription.

Conclusion

We appreciate the opportunity to provide these comments and would be happy to answer any questions you may have. Please do not hesitate to contact Madeline Gould at madeline.gould@arcadia.com or (713) 248-0481 if you would like to discuss anything stated in our response further.

Sincerely,

Madeline Gould
Policy Specialist
Arcadia