



27 February 2020

Oregon Public Utility Commission

SUBJ: UM 1930 COMMUNITY SOLAR UTILITY IMPLEMENTATION

To Whom It May Concern,

Fleet Development provides project level feedback below concerning the proposed utility CSP tariff filings and administration fees, using our Idaho Power project as an example. **We also strongly support all recommendations in the filing made by the Renewable Energy Coalition regarding the CSP tariff proposals from all three utilities.**

Fleet Development appreciates the PUC's earlier decision to set many of the related program fees at the fully allocated Initial Program Capacity level. This will reduce some of the startup costs for early adopters. But even so, many community solar projects will face aggregated costs of program fees, interconnection, and subscriber management that are likely to terminate CSP project development.

The impact of yet more fees and costs, such as the IDP's newly proposed monthly O&M fee and the PV integration cost, is exacerbated in Idaho Power service territory, where projects will receive the lowest bill credit (\$0.0848) and yet pay a utility admin fee (\$1.05/kW/month) approximately 400% higher than the PacifiCorps territory utility admin fee.

Although the utility admin fee is billed as an additional subscriber fee, the project manager must effectively subtract this fee from subscription rates because subscribers naturally expect to purchase subscriptions that are at least cost-neutral or discounted (20% discounted for low-income) compared to their existing energy costs.

Idaho Power's Initial Program Capacity allotment is only 3.28 MW and with solar projects capped at 3 MW, Idaho Power's program costs will essentially be borne by a single project, with no way to mitigate it. We respectfully suggest that the proposed Idaho Power utility admin fee (~\$41,000/year across its allocation, extracted from no more than 3.28 MW of community solar) will neither fully offset actual incurred utility costs nor create a financially feasible scenario in which community solar projects of any size can be developed. Without community solar projects, the utility will recover none of the cost of their mandated billing adjustments. We recommend that the utility admin fee be set at an amount similar to other utilities to prevent the exclusion of community solar from this service territory. A reasonable utility admin fee could enable a community solar project that would allow the utility to recover at least part of its cost.

The following shows the approximate impact of externally imposed costs on the Verde Light CSP project **excluding** one-time pre-certification fees, annual insurance (which may be incrementally increased if proposed ratings are adopted), debt coverage, project management, or subscriber management fees.

### Current Proposed Fees (annualized)

#### For IDP 2.95MW project

PA fee @ 10% LMI	\$27,081
Utility admin fee	\$37,170
PV Integration fee (10 yr avg)	\$4,523
IC O&M fee	\$17,040
Ins rating reqmt cost increase	TBD
<u>Tot external overhead</u>	<u>\$85,814</u>

This externally imposed, non-operational cost burden is likely to comprise 15% or more of project gross revenue. The interconnection O&M fee is particularly impactful and unjustified. This fee, proposed to be charged without reference to actual incurred O&M costs, will equate to an expenditure of 96% of the original interconnection cost over the 20 years of the PPA, for equipment originally paid for by the project but owned by the utility. Essentially the CSP will pay for interconnection twice.

Though some of these fees may have been logically derived on their own, their total impact makes a CSP project financially infeasible. We recommend that: (1) the IDP Utility Admin fee be reduced to the Pacificorps territory cost level; (2) the O&M fee be eliminated; and (3) the PV integration fee be waived for CSP projects.

-Fleet Development