



Bureau of Planning and Sustainability

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Comments from the City of Portland

UM 1930 Community Solar Implementation

March 2, 2018

The City of Portland ("the City" or "Portland") appreciates the opportunity to comment on community solar implementation (UM 1930). We greatly appreciate all of the many hours and years of PUC staff work on this complex program.

The City has taken an active interest in community solar since 2010, when we first learned of it through the US DOE Solar America Cities program. The Bureau of Planning and Sustainability attempted two pilot program designs in 2011-2013 (Portland Community Solar, in partnership with Tangerine Power, and Solar Forward). Both were attempts to engage community members in the development of clean energy generation projects. From those experiences, the City recognized that to be successful, community solar required the proper legal and regulatory framework. Since then, Portland has participated in a variety of legislative and regulatory proceedings about, or related to, community solar, including HB 2941, UM 1746, AR 603 and UM 1716.

Solar is recognized in the City of Portland/Multnomah County 2015 Climate Action Plan (CAP) as a key contributor in the communitywide effort to curb carbon emissions. The CAP establishes a 2030 renewable energy objective to **supply 50 percent of all energy used in buildings from renewable sources, with 10 percent produced within Multnomah County from onsite renewable sources, such as solar**. More recently, the City adopted a resolution establishing a goal to be 100 percent renewable in the electric sector by 2035 and in all sectors of the economy by 2050.

Action 3D in the CAP is specific to community solar, directing the City and County to **support the development of community solar projects that benefit all residents, particularly communities of color and low-income populations**. Community solar, if done properly, has the potential to grow the clean energy economy in a way that is more equitable and accessible than ever before.

Given this history and context, the City is keen to see Oregon's nascent community solar program succeed. With this in mind, we offer the following comments.

Good cause to adopt an alternative rate. We believe the legislative intent of SB 1547 was to have a successful program that broadens access to solar for a great many more Oregonians. There is strong, well-documented consensus among the majority of stakeholders that unless an alternative bill credit rate is selected (and selected **soon**), the program won't be viable. Stakeholders, such as CUB and Renewable Northwest, have provided excellent legal analysis for why the Commission has good cause to adopt an alternative bill credit rate. We will not repeat that here. From a pragmatic, common-sense perspective, the City submits that standing up a program that can't attract any projects, because of an insufficient and untimely bill credit rate, will not constitute a successful program. Avoiding this outcome provides ample good cause for the Commission to adopt an alternative rate.

Bill credit rate should be residential retail rate. The City has always viewed community solar as a way to overcome barriers that the majority of Oregonians face to installing rooftop solar. The City supports the recommendation from stakeholders that the residential retail rate should be available to community solar projects, at the very least for behind-the-meter projects. Again, from a pragmatic



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standpoint, this rate design is established and can be implemented immediately, solving both the timing and valuation problem instantly.

Over time, as the resource value of solar (RVOS) methodologies are refined and as stakeholders undergo a process to determine how the RVOS is applied to community solar, the bill credit rate can be re-evaluated, as has happened in other states.

Incentives for Low-Income Participation. Stakeholders who represent low-income residents and communities of color have been consistent in identifying success factors for low-income participation: no upfront costs, immediate bill savings, and no ongoing payments.

The City remains concerned that without proper financial incentives embedded in the offering for low-income subscribers, it will be difficult, if not impossible, to create a value proposition for these participants. Developers too have been raising concerns about the ability of community projects to pencil out, given the administrative and other costs embedded in the program design.

Certainly, the value proposition for all customers is helped by using the retail residential rate. However, a gap may still exist in order to bring the costs down sufficiently for low-income people to participate and for projects to be viable for developers. These factors may give the Commission latitude to go even above the retail rate, as it did in establishing the Volumetric Incentive Rate for the production-based solar incentive pilot program from several years ago. The City is interested to hear the Commissioners' thoughts on how to satisfy legislative intent with respect to incentivizing participation and reaching the low-income participation targets.

Recommendation. We respectfully encourage the Commission to conclude there is good cause to establish an alternative bill credit rate in UM 1930. Substantial rationale has been presented for the Commission to consider the residential retail rate as the alternative bill credit rate for the initial program launch, especially for non-utility scale, behind-the-meter projects. We understand that the bill credit rate eventually will reflect RVOS, per SB 1547. But, given the time constraints posed by market conditions and the collective length of time all parties have spent trying to actualize a community solar program in Oregon, we hope the Commission feels a sense of urgency and appreciates the need for a practical decision in the near term. This is a critical juncture for the community solar program in Oregon.

Thank you for your consideration of these and other stakeholder recommendations. We look forward to continuing to work together on this important program.

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