



Bureau of Planning and Sustainability

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October 15, 2019

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301

Attn: Filing Center Re: UM 1930 Community Solar Program

Chair Decker and Commissioners Tawney and Bloom,

The City of Portland wishes to thank PUC staff for their hard work, open-mindedness and diligence in bringing a complicated program into reality. We are heartened by the direction and tone that staff has taken in its final recommendation. Staff's proposal that the "overarching objective of the CSP is to establish an equitable opportunity for consumers that have not been able to access customer generation opportunities and incentives" aligns well with the values that the City of Portland (The City) has been advocating for throughout this docket.

We'll address each of the four policy lanes below.

I. **Interconnection**

The general direction of the staff proposal is good, and we appreciate that staff have identified the barriers to interconnection that community solar project developers face, including issues of cost certainty, timing, and information transparency. Below are some specific highlights of our positions and considerations on interconnection issues:

- The City strongly supports the staff recommendation to allow simplified interconnection by using Energy Resource Interconnection Study criteria for a limited local area. This will allow for simpler and less costly interconnection studies, and we also support the recommendation that smaller projects under 360kW be allowed to interconnect on the low side of the transformer.
- The staff recommendation to provide additional resources and third-party expert assistance for interconnection is good, and we suggest expediting this RFI process in order for it to be useful for smaller community solar projects.
- The City supports the proposed enhanced pre-application process available for CSP generators. In particular, we appreciate the additional support for projects where a non-profit or public entity is the Project Manager can request preapplication reports for up to five separate sites in a single request, with the fee waived.



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- The City agrees with the staff findings in Interconnection recommendation #6, regarding the need for certainty and visibility into the Pacific Power interconnection process.

In general, more utility data transparency is needed, especially in Pacific Power (PAC) territory. For example, in the UM 2000 data associated with feeder capacity filed on the OASIS information portal, PAC redacted information for over 60 percent of the feeders serving Portland load pockets.¹ In particular, the load information substations associated with large parts of East Portland are completely redacted, leading to a inequity in opportunity and information for community-based organizations serving those neighborhoods. In contrast, only 9 percent of feeder data was reacted associated with PGE's load within Portland.² Currently filed PAC feeder information is insufficient for smaller, nonprofit project managers in Portland to make informed decisions about where to site community solar projects. We see community solar as a key component of helping to meet the City and Multnomah County's 100% Renewable Energy goals passed in 2016, and are concerned that insufficient data transparency and collaboration from utilities will be a barrier for these projects to be successful. We plan to provide additional analysis of these opportunities in the future to support community-based organizations, using open, publicly available information.

II. Bill credit

The City is pleased to see staff's proposal to extend the simple retail rate to 75 percent of the initial capacity tier. The program would benefit from this rate extending to the entire first tier of capacity, to provide additional opportunity, as even 160MW is not a lot of total capacity in the context of national development of solar energy. We also strongly support the fixed inflation rate escalator proposal, which aligns with the goals of offering a comparable opportunity to community solar customers as to the thousands of customers who have installed net-metered solar electric systems.³ Together, these elements of the staff proposal adds stability and certainty for project managers as well as a predictable value proposition for participants, which staff rightly recognizes as essential for a successful CSP market launch.

III. Low-income participation requirements

The City is glad to see staff's proposal regarding goals and mechanisms to support low income participants in the community solar program. This is a core element of equitable access as we continue implementing renewable energy projects in and around Portland. While we support the direction, we do have some suggestions for improvements to the staff recommendations. Below is our feedback on the major points related to low-income participation, some of which intersect with cost-recovery elements as well.

¹ Pacific Power Oregon Distribution System Data, dated August 30th 2019 and filed on the site <https://www.oasis.oati.com/ppw/index.html>

² PGE Distribution System Data, dated August 30th 2019 and filed on the site <http://www.oasis.oati.com/pge/>

³ UM 1930 Staff Recommendation, Oct 4 2019, Attachment D page 66



- The City support the directive that every project be required to allocate 10% of. This is a simple approach that will ensure that the overall 10% mandate in the legislation is reached.
- The City agrees that low-income subscribers/owners should be guaranteed bill savings as a baseline expectation of the program, in order to provide a meaningful reason to participate. However, the proposed staff approach seems to prioritize the concept of subscription reduction over that of a target bill reduction. As noted by staff, “the LIF’s research indicated that a 20-50 percent estimated bill reduction is a valuable tool to minimize recruitment costs and make the program meaningful- rather than tokenizing- for low income participants”⁴. The staff proposal speaks instead specifically to a differential between the bill credit value, recommending an approach where “the sum of monthly fees associated with CSP participation must be at least 20 percent lower than the bill credit rate”⁵. For a customer to have a 20% actual net bill reduction, the entirety of their volumetric monthly usage would need to be offset by community solar. If the intent is to meaningfully reduce the total energy cost for low-income participants, the Commission should identify the mechanism that will be used to create that outcome. We suggest either:
 - a) increasing the minimum differential between bill credit rate and net monthly fees to 50%, or
 - b) requiring that for each low-income customer, the volumetric (or kW) subscription amount offset at least 50% of historical annual electrical usage.

This issue was raised in the Attachment D sections of the staff proposal⁶, though we fear that the staff analysis of those consideration does not lead to adequate support mechanisms to ensure meaningful savings. We do note that the staff recommendation does provide some guidance that a 50% differential will be listed as a best practice, as well as some additional elements to incentivize Project Managers to provide higher levels of low-income subscription savings. On a numerical and logistical basis, it may be easier for Project Managers to subscribe a set number of customers with a larger percentage of savings than a greater volume of customers with lesser net savings, so creating an intentional target (or proxy) for net bill savings would be beneficial.

- The City supports the different elements of proposed qualification and verification associated with low-income customers and housing providers. These integrate best-practices for reaching low income households and provide needed flexibility while also ensuring that there is direct benefit to low-income participants and tenants.

IV. Cost recovery

The City appreciates the staff proposal in different elements of accounting for and allocating the startup and ongoing costs of the community solar program. However, there are specific elements where we have concerns.

⁴ UM 1930 Staff Recommendation, Oct 4 2019, Attachment D page 69

⁵ UM 1930 Staff Recommendation, Oct 4 2019, Attachment D page 70

⁶ UM 1930 Staff Recommendation, Oct 4 2019, Attachment D pages 101-104



- The recommendation to exempt low-income participants from the monthly administrative fees is solid and provides a useful incentive for participation. We strongly support this element.
- In the distribution and timing of costs for the Pre-certification Application Fees, however, we at the City found it difficult to interpret some of the information in this section and the justification for the scale and impact of different administrative costs. On page 21 of the staff report, it states,
 - “Before 80 MW of CSP capacity is subscribed and billing:
 - Collect the full administrative fee from participants.
 - Collect \$5/kW pre-certification application fee from Project Managers.”

The report further says, “Once 80 MW of CSP capacity is subscribed and billing:

- Continue to collect the full administrative fee from participants.
- Collect the full pre-certification application fee from Project Managers.”

In Table 4, the “full pre-certification application fee” ranges from \$100/kW to \$40/kW, stepping down as more and more of the initial capacity tier of 160 MW is subscribed. The table doesn’t show the \$5/kW fee in the schedule, and the leap from \$5/kW to \$40-100/kW is significant. For example, using a 2 MW project coming into the queue just after 80 MW is “subscribed and billing,” the pre-certification fee could be \$150,000, as opposed to \$10,00 for a 2 MW project in the first 80 MW. A six-figure pre-certification fee likely would be a deal-killer for many projects, especially community- and non-profit based ones. This steep increase in pre-certification fees is hard to fathom and does not seem in alignment with the rest of the staff proposal. The City requests more details in the justification behind the need for this level of cost recovery, and the approach of a steep increase and then decline, instead of a gradual ramp up of the administrative cost recovery.

Conclusion

The City of Portland is pleased to see the overall direction of the proposed implementation of the Oregon Community Solar Program and we are grateful to the PUC staff and for the opportunity to provide input. We look forward to continued participation in the process as this program becomes a reality.

Sincerely,

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