

UM 1746 Workshop 2

Implementation of HB 2941, Section 3
Community Solar Program Design
September 22, 2015

Reminder – Please add your name to the sign in sheet.

1. Welcome & Introductions

Reminders

- Welcome and thank you for your participation.
- Reminders:
 - Sign In: Please add your name & contact information to the sign-in sheet.
 - Microphone Use – please speak into the microphone (5 inches away) for the benefit of phone participants.
 - Notice List – Sign up for the UM 1746 notice list by emailing a request to puc.hearings@state.or.us (include UM 1746 in subject line).

Agenda

Time	What
1:00 – 1:15 PM	<ul style="list-style-type: none">- Welcome, reminders, agenda review, and introductions• <u>Sign-in</u>: Please sign the sign-in sheet.• <u>Service List</u>: Email your name, affiliation, and contact information to PUC.hearings@state.or.us with “UM 1746” in the subject line.
1:15 – 1:30 PM	<ul style="list-style-type: none">- Review Staff preferred characteristics
1:30 – 5:00 PM (as needed)	<ul style="list-style-type: none">- Clarifying Questions and Discussion with Stakeholders

Revised Docket Schedule

- ✓ Friday, August 7, COB: **Interested parties submit Proposals**
- ✓ Tuesday, August 11, 1PM – 5PM: **Workshop 1** – Discuss program design proposals submitted by parties, provide clarifications about program design proposals, identify common attributes, and discuss pros/cons of proposals.
- ✓ Friday, August 14: **Staff email** to follow up on workshop 1
- ✓ Tuesday, September 1, COB: **Written Public Comment** due on program design proposals.
- ✓ Friday, September 18: **Staff email** to provide materials for Workshop 2
- Tuesday, September 22, 1:00-5:00PM: **Workshop 2** – discuss Staff draft recommendation for community solar program design.
- Friday, September 25, COB: **Written Public Comment** due on Staff draft recommendation for community solar program attributes. Submit proposals via email to the OPUC Filing Center (PUC.FilingCenter@state.or.us) with your name or affiliation and “UM 1746 – Community Solar Program Design Comments” in the subject line.
- October 16, 9:30-11:00AM: **Special Public Meeting with Commissioners** – staff public meeting memo will provide Staff’s recommendation for Commission approval. Stakeholders will have the opportunity to provide public comment at the meeting.
- Friday, October 30 – **Submit Community Solar program design recommendation to the Legislature**. Statutory deadline is Sunday, Nov 1, 2015.

Objective

Based on Staff's interpretation of the legislative intent of HB 2941, Section 3, the PUC's objective is to recommend a community solar program design or a set of preferred attributes of different community solar program designs, that best balances the resource value benefits, costs, and impacts to ratepayers to the interim committees of the Legislative Assembly related to energy and business on or before November 1, 2015.

Definition

Oregon Community Solar allows electric customers to have an opportunity to share in the costs, risks, and benefits, including economic benefits, of solar projects through their utility bill, such that individual customers are provided with an option to buy solar energy via a more collaborative and shared process as opposed to privately installing solar capacity on their own property.

Definition: Opportunity

Some customers are currently not able to put solar on their roof, but if they could, they would be interested in access to solar. Barriers for an electric utility customer acquiring solar could include:

- Do not own the property because they are renters.
- Shared roof space may preclude installation (such as condos).
- Roof is shaded, so it is a poor resource/less suitable for solar.
- Limited income/low income customers have a cost barrier because of upfront monetary investment of installed solar.

Definition: Share in Costs, Risks, & Benefits

- To the extent that it is reasonable, this program for customers that currently do not have the opportunity to install solar (listed above) should reflect costs, risks, and benefits (including economic benefits) similar to a homeowner's experiences with net metered solar.
- The subscriber should be aware of project costs, risks, and benefits to promote fairness and combat misinformation, mirroring the understanding that a homeowner experiences when they execute contracts related to their solar installation.
- The subscriber should understand the subscription fee components, risks, and estimated bill credit economic benefit from their share of the community solar facility.

Definition: Through their utility bill

Community solar should create a new billing structure that is capable of reflecting the costs, risks, and benefits of a subscriber's share of a community solar facility.

Definition: Collaborative & shared process

An open and transparent framework is useful for customers to buy solar without installing solar capacity on their own property and useful in combating misinformation to protect consumers.

Attributes of Community Solar Programs

❖ Community Solar Resource System

Constraints

- System Ownership Attribute
- System Location Attribute
- System Size Attribute

❖ Eligibility / Limitations

- Customer Type Attribute
- Special Carve-out Attribute
- Subscription Size Attribute

❖ Subscription Pricing

- Subscription Calculation Method Attribute
- Product Design Attribute
- Oversight Attribute

❖ Contract Terms

- Contract Length Attribute
- Early Termination Attribute

❖ Bill Credits

- Bill Credit Calculation Method Attribute
- Rate Attribute
- Energy Attribute

❖ Risk and Cost-Shift Minimization

- Who bears risk?
- What happens to unsubscribed portion of energy?
- What happens when there is non-payment?

Community Solar Resource System

Constraints: *System Ownership Attribute*

- Flexible – utility or third party developer or municipality, several options
- Utility owned
- ***Non-utility owned (including utility affiliate) – Staff Preferred Characteristic***

Community Solar Resource System

Constraints: *System Location Attribute*

- Within utility service territory
- Within Oregon
- ***Flexible but within Oregon as long as electricity is delivered to the utility's system. Utility could identify optimal grid locations for diverse community solar projects that may appeal to an array of customers. – Staff Preferred Characteristic***

Community Solar Resource System

Constraints: *System Size Attribute*

- 2 MW maximum
- None defined
- ***Flexible, but phased approach – Staff Preferred Characteristic***

Eligibility / Limitations:

Customer Type Attribute

- Residential only
- ***Residential and small commercial - Staff Preferred***
Characteristic
- Any, Diversity of types and groups

Eligibility / Limitations: *Special Carve Outs Attribute*

- 10 percent low income
- None defined
- Concern with carve-outs
- Maximize the benefit for low and moderate income customers

Staff has not indicated a preferred characteristic for this attribute.

Eligibility / Limitations:

Subscription Size Attribute

- *Not to exceed average annual load – Staff Preferred Characteristic*
- *Any solar energy credits in excess of annual energy use at the subscribers site will be donated to low income programs as is done with net metering today. – Staff Preferred Characteristic*
- Up to 90 percent average annual load
- Minimum of 10 customers, maximum 25 kW pp, at least 50 percent capacity subscribed

Contract Terms: *Contract Length Attribute*

- Options for 2,5,7,10, or 15 years
- 20 year, life of system
- Between project and customer, standards could be useful –
- ***Must include standard options of (1) one year and (2) life-of-the project (in years); other lengths could be determined through program design that is aiming to meet customer preferences – Staff Preferred Characteristic***

Contract Terms: *Early Termination Attribute*

- *Fee for early termination – Staff Preferred Characteristic*
- *Transfer of subscription within service territory – Staff Preferred Characteristic*

Subscription Pricing:

Calculation Method Attribute

- *Share of solar resource costs in the Power Purchase Agreement plus cost of administering program – Staff Preferred Characteristic*
- Price set by negotiations with solar provider
- More stakeholder involvement if administered by the utility
- *Availability of Residential Energy Tax Credit for subscribers and Energy Trust incentives for developers to bring down the cost of a community solar subscription fee – Staff Preferred Characteristic*

Subscription Pricing:

Product Design Attribute

- Energy or capacity
- **Capacity – Staff Preferred Characteristic**
- Separate costs from value or combined into one netted rate?
- RECs – Subscribers could get the value of the RECs

Subscription Pricing: *Oversight Attribute*

- OPUC does not review the cost, market
- **Central “Project Pool” established – Staff Preferred Characteristic**
- **Review of messaging and outreach for consumer protection by the existing voluntary renewable energy Portfolio Options Committee – Staff Preferred Characteristic**

Bill Credits:

Calculation Method Attribute

- *Energy x Rate – Staff Preferred Characteristic*

Bill Credits:

Rate Attribute

- Retail rate until RVOS determined
- Netted with subscription cost
- Determined by Commission
- ***Informed by Resource Value of Solar – Staff Preferred Characteristic***

Bill Credits:

Energy Attribute

- Energy estimated, not proportion of actual output
- ***Proportional share of actual system output – Staff Preferred Characteristic***
- ***Showing energy bill credit key element – Staff Preferred Characteristic***

Risk and Cost-shift minimization

- *Developer and subscriber bear risks – Staff Preferred Characteristic*
- Borne by participating customers
- *Unsubscribed portion attributed to all ratepayers at the as-available avoided cost price (market) – Staff Preferred Characteristic*
- *Non-Payment of subscriptions (uncollectibles) is borne by the Developer/Owner - Staff Preferred Characteristic*
- *Performance guarantees, including force majeure provisions, in contracts can limit risk – Staff Preferred Characteristic*
- Determined by customer/solar provider in contracting

Next Steps

- Comments – due by COB Friday, September 25th
- Staff's Public Meeting Memo