

Special Public Meeting

UM 1746

Implementation of HB 2941, Section 3
Community Solar Program Design

October 16, 2015

Preview of Staff's Comments Today

1. Process & Background for this Docket
2. Staff's Preferred Set of 15 Attributes for a Community Solar Program Design – **Not Staff's recommendation to Commission**
3. Elements to Include in the Commission's Recommendation to the Legislative Assembly – *Staff's recommendation to Commission*

1. Process & Background:

HB 2941, Section 3

- **HB 2941 Section 3(1)** – Oregon community solar program or attributes
 - “...allow individual customers to share in the costs and benefits of solar facilities.”
 - Attributes include (1) ownership structure, (2) eligibility criteria, (3) length and terms of contracts, (4) subscription pricing, & (5) how bill credits are calculated.
- **HB 2941 Section 3(2)(a)-(d)** raises specific considerations in examining community solar attributes:
 - a) individual ratepayer access to a specific solar resource,
 - b) costs to community solar program subscribers and non-subscribers,
 - c) the role of utilities, and
 - d) any other reasonable considerations.
- **HB 2941 Section 3(3)** requests the Commission’s recommendation on community solar attributes:
 - “The Commission must recommend a community solar program design or a set of preferred attributes that best balances the resource value benefits, costs, and impacts to ratepayers”

1. Process & Background:

Docket Schedule as of 08/10/2015

- Friday, August 7, COB: **Interested parties submit Proposals** for community solar program design in advance of Workshop 1.
- 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 and provide direction for written public comment.
- Tuesday, September 1, COB: **Written Public Comment** due on program design proposals.
- ~~Friday, September 11~~ Friday, September 18: **Staff email** with Staff draft recommendation for program design.
- ~~Wednesday, September 16~~ Wed, September 23, 1:00-5:00PM: **Workshop 2** – discuss Staff draft recommendation
- ~~Friday, September 18, COB~~ Friday, September 25: **Written Public Comment** due on Staff draft recommendation
- ~~Tuesday, October 6, 9:30AM~~ Friday, October 16, 9:30-11:00AM: **Regular-Special Public Meeting with Commissioners** –
- Friday, October 30 – **Submit Community Solar program design recommendation to the Legislature.** Statutory deadline is Sunday, Nov 1, 2015.

2. Staff's Preferred 15 Attributes of Community Solar Program Design

❖ Community Solar Resource System Constraints

1. System Ownership Attribute
2. System Location Attribute
3. Program Size Attribute
4. System Size Attribute

❖ Eligibility / Limitations

5. Customer Type Attribute
6. Special Carve-out Attribute
7. Subscription Size Attribute

❖ Contract Terms

8. Contract Length Attribute
9. Early Termination Attribute

❖ Subscription Pricing

10. Subscription Calculation Method Attribute
11. Product Design Attribute
12. Consumer Protection/Oversight Attribute

❖ Bill Credits

13. Bill Credit Calculation Method Attribute
14. Bill Credit Rate Attribute
15. Energy from CSR Attribute

3. Elements to Include in the Commission's Recommendation to the Legislature

1. DEFINITION OF COMMUNITY SOLAR IN OREGON

Community Solar in Oregon 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 installing solar capacity on their own property.

3. Elements to Include in the Commission's Recommendation to the Legislature

2. COMMUNITY SOLAR IN OREGON: CRITERIA

1. Encourage fair access to costs, risks, and benefits of solar to those who do not currently have access to installing solar on their property.
2. Minimize shifting of costs and risks onto non-subscribing ratepayers.
3. Encourage consumer protection.
4. Maintain the competitive market landscape for projects.
5. Encourage development of lowest cost systems to increase access for cost-sensitive subscribers.
6. Encourage multiple options and choices for subscribers, acknowledging that some subscribers may have preferences that do not relate to cost.
7. Encourage administrative ease and efficiency.

3. Elements to Include in the Commission's Recommendation to the Legislature

3. LEGISLATIVE DIRECTION ON KEY ATTRIBUTES

- a) *Program Size Attribute* – *how big should the cumulative Community Solar program be for each utility?* An initial capacity cap per utility will help to define the program size. The Legislative Assembly should assign an initial capacity cap, but should provide PUC authority to adjust the cap after a two-year pilot phase. Staff has suggested an initial capacity cap of 0.5 percent of 2014 peak load for each utility.

3. Elements to Include in the Commission's Recommendation to the Legislature

3. LEGISLATIVE DIRECTION ON KEY ATTRIBUTES

b) System Ownership Attribute – Who can own the CSR? Staff has recommended that only third parties or utility affiliates should be permitted to own a CSR. If the regulated utilities are permitted to own CSRs, then there should be strict parameters to their ownership of CSRs to mitigate several public policy issues. Those parameters include:

- 1) The subscription rates the regulated utility charges to subscribers along with terms and conditions should be regulated by the Commission;
- 2) The regulated utility agrees that it will not seek recovery of costs from non-subscribing ratepayers. If shareholders expect a return on CSR investments, then they should seek that return from subscribers, not all ratepayers;
- 3) Require a diversity of ownership types in the RFP, so that consumers have more options than only regulated utility-owned CSRs. This requirement could be fully developed in the rulemaking process;
- 4) Do not allow the regulated utility to use its marketing and customer information advantages through billing and existing marketing functions;
- 5) Any other reasonable requirements determined by the Commission in its rulemaking process.

3. Elements to Include in the Commission's Recommendation to the Legislature

3. LEGISLATIVE DIRECTION ON KEY ATTRIBUTES

c) System Size Attribute – How big should the CSR be? Staff has recommended that system size be flexible, but a mix of small and large project options in the 25 kW to 2 MW range should be available for customers of each utility.

d) System Location Attribute – Where should the CSR be located? Staff has recommended that system location be flexible, but within Oregon and electricity must be delivered to utility's system.

e) Customer Type Attribute – What class of customers should be eligible to subscribe to a CSR? Staff has recommended that residential and small commercial customers (e.g. 30 kW or less as seen in PacifiCorp Schedule 23 and PGE Schedule 32) be eligible to subscribe to a CSR initially. The Commission should be allowed to consider expansion of eligibility after the two-year pilot phase.

3. Elements to Include in the Commission's Recommendation to the Legislature

3. LEGISLATIVE DIRECTION ON KEY ATTRIBUTES

f) Subscription Size Attribute – *How much capacity should an eligible customer be able to subscribe?* Staff has recommended that estimated output should not exceed the subscriber's average annual load. Any credits associated with CSR energy generation that are in excess of annual energy use at the subscriber's site should be donated to low income programs as is done with net metering today.

g) Bill Credit Rate Attribute – *What is the rate that should be used for the energy generated from the subscriber's CSR shares?* Staff has recommended that the bill credit rate should be informed by the RVOS. If the RVOS is not determined by the time that the PUC rulemaking to implement the Community Solar program begins, then the Commission should determine the rate in the rulemaking.

3. Elements to Include in the Commission's Recommendation to the Legislature

3. LEGISLATIVE DIRECTION ON KEY ATTRIBUTES

h) Cost and Risk Shifting Minimization – While Staff has included “minimize shifting of costs and risks onto non-subscribing ratepayers” in its preferred criteria for the implementation of Community Solar in Oregon, the bill should make clear that the CSR owner/developer and the subscribers bear the costs and risks of a CSR.

i) Utility Cost Recovery of Start-Up Costs of a CSR program – In Staff's preferred subscription pricing method attribute, Staff believes that start-up costs should be borne by all ratepayers, while on-going administrative costs should be borne by the CSR owner/developer and subscribers. The Legislative Assembly should make this distinction clear in the bill.

3. Elements to Include in the Commission's Recommendation to the Legislature

3. LEGISLATIVE DIRECTION ON KEY ATTRIBUTES

h) Two-Year Pilot Phase, PUC Report, and PUC Authority – In several areas of Staff's reasoning regarding preferred attributes and characteristics, Staff referred to a two-year pilot phase. In the bill, the Legislative Assembly should direct a pilot phase for two years with the community solar definition, criteria, and key attributes defined above, but grant the PUC authority to examine the pilot phase, provide a report on the status of the CSR program, and make necessary adjustments to CSR attributes to improve the program.

Future PUC Rulemaking

All other Community Solar attributes and characteristics not covered in “Elements to Include in the Commission’s Recommendation to the Legislature” should be determined by the PUC in a rulemaking proceeding that includes stakeholder input.