Oregon Community Solar –
Low-Income Recruitment Penalty

January 14, 2021

UM 1930 Stakeholders,

Oregon Public Utility Commission Staff requests your written feedback on the proposal described in this memo by **January 28, 2021**. We appreciate your input.

Background

Commission Order 20-387 temporarily waives, for a period of 12 months, the requirement in the Program Implementation Manual (PIM) of the Oregon Community Solar Program (CSP) that a Project Manager subscribe 10 percent of a project's capacity to low-income customers prior to project certification, and instead requires the Project Manager to meet the project's low-income subscription requirement within 12 months after project certification, or be subject to a penalty. This temporary waiver was granted as a result of the unforeseen challenges to CSP low-income recruitment due to the COVID-19 pandemic.

Per Order 20-387, PUC Staff requests stakeholder input to determine an appropriate penalty for failing to subscribe 10 percent of project capacity within one year of certification. At the October 20, 2020 Commission meeting, Staff proposed one possible penalty, described below. We welcome other suggestions for an appropriate penalty. We request your feedback on the proposed penalty and the questions presented below by January 28, 2021.

Low-Income Recruitment Penalty Proposal

Staff proposes a penalty in which a Project Manager forfeits project revenues from sale of energy generated by any portion of the project's 10 percent low-income capacity allotment that remains unsubscribed 12 months after project certification. The revenues from unsubscribed energy generation, based on the as-available avoided cost rate, would be forfeited beginning 12 months after project certification and until the 10 percent capacity allocation is fully subscribed by low-income participants.

For reference, the Program Administrator expects the as-available rate to be slightly more than 2 cents/kWh. A 2 MW project in PGE service area could expect to receive approximately $35,000 per year in revenues from low-income customers if capacity were fully subscribed. If no low-income customers were subscribed and the project received as-available energy payments for the full 10 percent of reserved low-income capacity, the project would be expected to receive just over $8,000 in revenue for that project capacity.

The program would continue to require that 10 percent of the project's generating capacity is held for low-income participants for the life of the project. However, the generation from the unsubscribed low-income portion of the project would not be compensated until the Project Manager had successfully recruited the required low-income subscriptions, at which point the financial penalty would be permanently removed.

To ensure equal treatment among Project Managers and to underscore the expectation that Project Managers are responsible for determining how best to meet the required low-income capacity requirements for each of their projects, this proposal applies to all Project Managers regardless of whether they have opted to recruit all low-income customers on their own or rely on the Low-Income Facilitator for all or a portion of their projects' low-income capacity.

Forfeited revenues would be retained by the Program Administrator and used to support the Low-Income Facilitator's low-income customer recruitment efforts. When the utility purchases unsubscribed energy from a project, it makes the payment to the Program Administrator, who passes it through to the Project Manager. If a Project Manager is subject to the penalty, the Program Administrator would retain the portion of the payment attributed to the unsubscribed low-income capacity, and pass through only the portion attributed to the unsubscribed non-low-income capacity.

Requested Feedback

Staff requests written stakeholder feedback on the penalty proposal above, in addition to the submission of alternative proposals. Stakeholders should consider the following prompts when submitting responses:

1. Describe the financial impact to the Project Manager of forfeiting unsubscribed energy payments for low-income capacity, and whether this is an effective penalty.
2. Describe the impact/risk to low-income customers if Project Managers fail to recruit the required allotment within 12 months of project certification.
3. Are there other financial penalties, or non-financial penalties that could be levied on Project Managers for failing to recruit the required low-income subscription 12 months after project certification?
4. Some Project Managers have opted to recruit low-income customers on their own, while others have opted to rely on the Low-Income Facilitator for all or a portion of their projects' low-income recruitment requirements. Describe whether and/or how Staff should consider separate penalties for Low-Income Facilitator versus PM-led recruitment.
5. How can the Low-Income Facilitator best assist Project Managers in their recruitment of low-income customers?
6. Are there any other risks or inequities (for low-income customers, Project Managers, or other stakeholders) Staff and the Program Administrator should consider in its recommendation?

Next Steps

Staff requests that stakeholders email comments to puc.filingcenter@state.or.us no later than January 28, 2021. Stakeholder comments will be posted to the UM 1930 docket and the CSP website.

Questions can be directed to Kacia Brockman, kacia.brockman@state.or.us, 503-931-9668.