



Program Administrator's Project Recommendation

April 6, 2022

Community Solar Program - Docket No. UM 1930

On January 11, 2022, in Order No. 22-007,¹ the Commission permitted the delegation of Commission authority to the Community Solar Program Administrator (PA) to grant noncontroversial project pre-certifications, waivers, extensions, and amendments. Under the permitted delegation of authority, Staff will post the PA's project recommendation to UM 1930 with a comment period of two weeks. If no comments in opposition are received prior to the effective date, the recommendation will go into effect. If comments in opposition are received prior to the effective date, the recommendation will not go into effect and the matter will be referred to the Commission for a decision at the next available public meeting.

Staff posts the PA's recommendation to grant pre-certification for project PGE-2020-1, River Valley. The PA has reviewed the Project Manager's (PM) pre-certification application, which is included below, and has recommended granting pre-certification. The PM has also requested a waiver of construction start date rules in Program Implementation Manual (PIM) section 3.3, which state construction on generation equipment may not begin prior to pre-certification. The PA has recommended granting the waiver request, which is also included below.

In May 2020 in Order No. 20-159,² the Commission approved pre-certification for three projects that also requested a waiver of construction start date rules in PIM section 3.3. The PM for the three projects is the same PM for project PGE-2020-1. The PM began construction on all four projects prior to pre-certification to stay on track with project development timelines, and was not aware of the Program rules at that time. The PM initially sought pre-certification and requested waivers for construction start date rules all four projects, but project PGE-2020-1 was not allocated capacity in the lottery. Project PGE-2020-1 has since been allocated capacity in the remaining capacity in the initial tier.

Given Order No. 20-159, Staff finds the PA's recommendation to be noncontroversial and that granting pre-certification and the waiver may be delegated to the PA. Stakeholders in opposition of the PA's recommendation should post comments to UM 1930 by April 20, 2022.

To Submit Public Comment:

Stakeholders can submit written comments on the PA's recommendation by email to puc.filingcenter@puc.oregon.gov. Please email puc.hearings@puc.oregon.gov to be added to the UM 1930 docket service list and receive notifications in the UM 1930 docket.

¹ Order No. 22-007. <https://apps.puc.state.or.us/orders/2022ords/22-007.pdf>

² Order No. 20-159. <https://apps.puc.state.or.us/orders/2020ords/20-159.pdf>



Project Pre-certification Review and Recommendation

The Oregon Community Solar Program Administrator (PA) has reviewed the pre-certification request of the project described below and recommends that the project be pre-certified with a waiver.

Project Information

Project ID: PGE-2020-1

Project Name: River Valley

Project Manager: Neighborhood Power

Subscription Manager: Neighborhood Power

Utility Service Area: PGE

Project Site Address: 14585 Wilco Hwy NE, Woodburn, OR 97071

Project Size (kW-AC): 1998

Carveout-eligible: No

Project Description

River Valley is a 1,998 kW-AC project located in Woodburn, Oregon, in Clackamas County. The project manager entity is Neighborhood Power, which currently manages three pre-certified projects. Neighborhood Power also serves as the subscription manager for the projects it manages.

Review Summary

Date Review Completed: 03/25/2022

Project Satisfies all Pre-certification Requirements?: Yes with waiver

PA Recommendation: Approve with waiver

Review Notes

Neighborhood Power has requested a waiver to the PIM requirement that construction on project generating equipment not begin prior to pre-certification.

In 2019, Neighborhood Power began construction on four projects that it would later submit to the Community Solar Program along with a waiver request regarding construction timing. Three of these projects were granted capacity in the first release of program capacity upon program launch. In Order 20-159, the Commission approved pre-certification waivers for these three projects related to construction timing. Neighborhood Power also submitted the River Valley project for pre-certification at the time of program launch, and this project was placed on the program waitlist. The River Valley project has now been allocated program capacity and the same waiver request is now required for this project. At this point, the PA understands the River Valley project to be fully constructed and interconnected, but not generating energy for sale.

The PA considers the issue of this waiver to have been settled by the Commission in Order 20-159, and supports granting the same waiver to River Valley that was previously granted to Neighborhood Power's prior projects.

Attachments Included

Waiver request attached.

General Waiver Request Form

The Oregon Community Solar Program allows for Project Managers to submit a waiver to the Program Administrator for select Program Implementation Manual (PIM) project requirements on a case-by-case basis. The Program Administrator may recommend a waiver of any PIM provision as part of the pre-certification, certification, or major project amendment process, subject to final approval by the Oregon Public Utility Commission.

To request a waiver to the low-income subscription discount requirement, please fill out the Low-Income Discount Waiver Request Form at www.oregoncsp.org. This form is applicable for all other waiver requests. .

The process for requesting a waiver is as follows:

- 1. The Project Manager will fill out this waiver request form and submit to the Program Administrator on the Community Solar Program Platform at www.oregoncsp.org.** Waiver requests may be submitted as part of the project pre-certification or certification submittal process. It is recommended that Project Managers submit their waiver requests early in the process in order to better inform their project planning.
- 2. The Program Administrator will review the waiver request and provide a recommendation to the Oregon Public Utility Commission.** As part of this review, the Program Administrator may schedule a meeting with the Project Manager to discuss their project plans. Waiver requests will not be granted automatically but will be considered based on their merits on a case-by-case basis. The final decision to grant a waiver is made by the Commission at the time that a project is pre-certified or certified, and the recommendation provided by the Program Administrator is not binding.
- 3. The Oregon Public Utility Commission will make a final determination on whether to grant the waiver request at the time of pre-certification or certification.** As part of approving a waiver, the Commission may place additional conditions on a project that must be met

Oregon Community Solar Program Waiver Request

Project Manager Entity Name: _____

Point of Contact Name: _____

Point of Contact Phone Number: _____

Point of Contact Email: _____

Please provide the specific PIM language you are requesting relief from below:

PIM Chapter: _____

PIM Section: _____

Description:

Please provide a brief narrative that describes:

- a) The reason that you are requesting a waiver, and
- b) How this waiver would benefit the Program and/or Program Participants.

You may submit this narrative as a separate document if preferred. You may also attach documentation to this waiver request if relevant and necessary.

January 21, 2020

RE: Waiver Request

To: Oregon Public Utility Commission,

Neighborhood Power OR, LLC (“Neighborhood Power”) requests a one-time waiver of Chapter 3, Subsection (a) found on page 33 of the Program Implementation Manual (“PIM”). The section reads, “Construction on the generation equipment may not begin prior to Pre-Certification.” Neighborhood Power requests a waiver of the underlined sentence above. Neighborhood Power has been developing this Project specifically for the Oregon Community Solar Program (“Program”) and asks OPUC to accept our Project even though construction activities began prior to Pre-Certification.

Neighborhood Power has registered as a Project Manager within the Oregon Community Solar Program. The recent PIM adopted by Program allows waiver requests to be made as part of, or at any time, prior to Project Pre-certification. Neighborhood Power submits this additional narrative and information as support of its request for a waiver:

- 1) Project Managers such as Neighborhood Power have been actively looking forward to participating in the upcoming Oregon Community Solar Program. The Program rules and PIM have been worked on for many months. Project Managers preparing to participate have made good faith efforts to abide by the rules, even as changes were still happening. It is not the intent of Neighborhood Power to request this waiver for future Projects. The waiver is requested because this Project has been under development, and the Program is new, and the rules were not fully known until a few weeks in advance of the Program start of January 2020. Going forward, it is Neighborhood Power’s intent to adhere to the PIM without any reliance on a waiver—in other words, future community solar projects will not start construction prior to Pre-Certification.
- 2) Oregon-based Neighborhood Power has been selling solar produced electricity by the kWh for the past 10 years. We are the long-term (30+ years) owner and operator of many Megawatts of projects. We are highly motivated and committed to be a good participant in the Program and community, in order to develop future projects, secure subscribers, and contribute to the success of the Program and a future pipeline of Projects we hope to develop.
- 3) Community solar projects have development cycles that span months and often years. Community solar projects incur a myriad of development activities and need high sums of money, time, and effort in advance of being placed in service. Neighborhood Power acted in good faith to invest in Oregon and the upcoming Program and made a decision to start construction before the opening of the Program based on all currently available information that Projects would qualify as long as they were not “placed in service” before being approved by the Program. During the webinar on November 21st, 2019 Project Managers had their first indication that “start” of construction activities could affect a Project’s eligibility. The small text change adopted in the latest PIM made Projects that started construction prior to pre-certification ineligible. This small change puts our company in financial risk and jeopardizes the investors and lenders who agreed to invest in Oregon’s renewable energy infrastructure and the Program.
- 4) For the past three years Neighborhood Power has been preparing for the Oregon Community Solar Program, including moving key operations from Hawaii to Oregon and investing heavily in this Project to prepare for this Program. Neighborhood Power incurred many different expenditures, such as:
 - secured rights to develop land and negotiated, signed, and paid for land lease contracts on this site
 - performed and paid for system engineering, design, and structural analysis
 - applied for and paid permitting (electrical, fire, building, etc.) fees
 - cooperated on utility impact studies and electrical reviews
 - paid for grid upgrades to support the Project
 - completed a geotechnical report and implemented a safety plan
 - obtained a legal review for property, tax, insurance, investment and other laws

- performed NEC and building code compliance review
 - reviewed and selected products and negotiated supplier terms and conditions
 - paid for the equipment and materials including freight, storage costs, import fees, and taxes
 - found, arranged, and syndicated investors and lenders to fund this Project
 - obtained construction loans and project insurance
 - contracted and paid for clerical and professional labor to develop the tax models, financial proforma, and other legal documents for this Project
 - hired and paid local mechanical and electrical skilled labor for onsite assembly of the equipment
 - started construction to avoid the tariffs and import fees and secure the full 30% investment tax credit
 - educated corporate, non-profit, and low-income subscribers on the Program
- 5) The federal Investment Tax Credit (“ITC”) available to solar projects, like those participating in the Oregon Community Solar Program, has declined from 30% to 26% beginning January 1, 2020. The ITC will continue to decline each year hereafter, eventually settling at 10%. This means each year the cost of creating a new community solar project will rise, along with the rates subscribers will pay. Granting a waiver will allow the Oregon Public Utilities Commission to fully leverage the 30% federal tax credit, to the benefit of the Program and its participants, enabling subscribers to obtain lower rates from the Project.
- 6) Over the past few years the US solar industry has been hit with multiple rounds of increasingly higher tariffs and import fees on solar panels, steel, aluminum components and power electronics. These tariffs along with tightening grid space and increasing costs of interconnection have put a strain on the US solar industry. Neighborhood Power has worked to stay active under these conditions by investing in markets like Oregon that have committed to making the transition to renewable energy.
- 7) By granting a waiver, OPUC will enable subscribers to more rapidly participate in a community solar project, bringing positive attention to the Program. Projects currently under development could be activated more quickly than Projects that have not yet started construction. By granting a waiver, OPUC can show early adoption within the first 6 months. Early adoption will highlight to stakeholders, media outlets, and interested communities the successful kick-off of the Program and will validate the Program in the eyes of the public and the officials that diligently worked to create it since 2016.

In consideration of the above circumstances and information, Neighborhood Power requests a one-time waiver of Chapter 3, Subsection (a) page 33, the underlined sentence above, for this Project.

Respectfully,



Stephen S. Gates
President, Neighborhood Power OR, LLC