

ITEM NO. 5

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 26, 2017

REGULAR  CONSENT  EFFECTIVE DATE September 26, 2017

DATE: September 19, 2017

TO: Public Utility Commission

FROM: Nolan Moser

THROUGH: Jason Eisdorfer and John Crider

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. AR 603)  
Report to the Commission on the status of Community Solar Program  
Development.

**STAFF RECOMMENDATION:**

Approve Staff request to commence a stakeholder process to identify and scope Community Solar Program implementation actions that can be taken by Staff and stakeholders concurrently with the issuance of a Request for Proposals (RFP) for a Community Solar third-party Program Administrator.

**DISCUSSION:**

Issue

Whether Staff and Stakeholders can address identify and scope discrete Community Solar implementation issues while Staff simultaneously moves forward with an RFP for a Community Solar third-party Program Administrator.

Applicable Law

On June 29, 2017, the Commission issued Order No. 17-232, adopting Community Solar Program Rules OAR 860-088-0005 through 860-088-0190. These rules outline Oregon's Community Solar Program authorized by Section 22 of Senate Bill 1547, passed by the 2016 Oregon legislature. Community Solar programming will allow individuals and entities to participate in the purchase of and development of solar energy projects that are not co-located at their properties or residences.

## Analysis

Oregon's Community Solar rules authorize the issuance of an RFP to hire a third-party "Program Administrator," an entity responsible for a considerable portion of the implementation responsibilities associated with the rules.<sup>1</sup>

These rules also describe a number of other important implementation tasks that must be completed before the Community Solar Program (Program) may launch. These tasks include but are not limited to the following:

- Completing a Program Implementation Manual, which describes all the steps necessary for developing a project<sup>2</sup>
- Developing financial exchange procedures and mechanisms associated with billing and payments for Community solar energy<sup>3</sup>
- Developing funding mechanisms for the Program Administrator data exchange<sup>4</sup>
- Developing any appropriate electric company tariffs<sup>5</sup>
- Developing Complaint and Dispute Resolution procedures<sup>6</sup>
- Creating cost-recovery mechanisms for the costs of the Program Administrator for a to-be-determined start-up period<sup>7</sup>

A litany of other pre-launch tasks must be completed prior to commencement of the Program. Many, but not all of these tasks will require the active participation of the Program Administrator. The six items listed above represent potential pre-launch tasks that stakeholders can begin exploring now, prior to the selection of a Third Party Program Administrator.<sup>8</sup>

Staff has identified two priorities for near-term action to further implementation of Oregon's Community Solar Program.

### *Priority 1: Issuance of a Third-Party Program Administrator RFP*

As described in rule and Order, Oregon's Community Solar program will rely heavily on a to-be-identified and hired Program Administrator. This entity will be responsible for a

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<sup>1</sup> OAR 860-088-0020.

<sup>2</sup> OAR 860-088-0190.

<sup>3</sup> Order 17-232, p.9.

<sup>4</sup> OAR 860-088-0120.

<sup>5</sup> Id.

<sup>6</sup> Order 17-232, p.10.

<sup>7</sup> OAR 860-088-0160.

<sup>8</sup> This is discussed in greater detail below in *Priority 2*.

wide variety of essential tasks delegated to it by rules, which will be assigned by contract with the Commission. Importantly, these tasks span both the pre-implementation and post-implementation phases of Program development. Adopted rules specifically require Commission Staff to issue an RFP for the hiring of this entity.<sup>9</sup> Order No. 17-232 anticipates the issuance of this RFP, along with the hiring of a Low-Income Administrator.<sup>10</sup>

Staff has commenced this process. Staff is working with Department of Administrative Service (DAS) procurement specialists, and has completed the first draft of an RFP for both the Program Administrator and the Low Income administrator. Due to the wide range of tasks for which these entities are responsible, the RFP at this stage is an extensive document. Importantly, Commission Staff will not be able to completely control the completion, release, and timing for the hiring of a third-party administrator. Specifically, DAS will need to conduct an extensive independent review of the RFP. That noted, Staff does desire to accelerate the process through holding a pre-RFP release workshop, tentatively planned for October 25, 2017. The goal of the pre-RFP release workshop is to help prepare potential bidders for the coming RFP, so that they can anticipate some content and proposal development timelines can be kept reasonable.

Though Staff's RFP remains in a draft stage, Staff can share some high-level priorities reflected in the draft. Staff's initial RFP draft groups major Program Administrator tasks in the following categories:

- Support Implementation Manual Development and Support Maintenance and Update of Implementation Manual
- Management of Project Manager Registration
- Management of Project Application Process
- Management of the Pre-Certification and Certification Process
- Support for Bill and Utility Integration System Development
- Support for Complaint and Dispute Resolution
- Budget and Fund Management
- Low Income Manager Responsibilities
- Other Responsibilities

Second, Staff notes that due to the unique and extensive set of tasks associated with this project, a successful Program Administrator will likely need to demonstrate a wide-

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<sup>9</sup> OAR 860-088-0020.

<sup>10</sup> Order No. 17-232, p.14.

ranging skill set. Subject to change, Staff has identified the following qualities as important for a successful Program Administrator:

- Large program management experience
- Secure data management
- Secure and sophisticated financial and transactional management
- Experience managing stakeholder processes
- Low-income sector expertise
- Absence of conflicts of interest

Finally, there are cost complications associated with this RFP. Specifically, Oregon's Community Solar Program allows for the recovery in rates of "start-up costs."<sup>11</sup> Neither the Commission nor Staff has determined when a so-called start-up period ends. Costs associated with the Program Administrator are to be borne by participants after the start-up period. This could create ambiguity for potential bidders. Staff intends to use the pre-RFP release workshop and the RFP itself to outline these issues in detail to give potential bidders important information as to various ways they may structure the cost portion of their bids.

*Priority 2: The Commencement of a stakeholder process to resolve and take action on numerous issues while the third-party Program Administrator RFP is administered*

The steps required for a full and effective Community Solar Program implementation effort are extensive, and will necessarily involve multiple dockets, proceedings, and findings by the Commission. Accordingly, Staff proposes and requests Commission support for the commencement of a stakeholder process to work concurrently with the ongoing RFP effort to resolve important implementation issues. Staff believes that stakeholders are eager to commence this effort and will constructively participate. Staff notes that the Commission anticipated and directed Staff to commence implementation efforts prior to the final selection of a Program Administrator.<sup>12</sup>

Staff proposes a two-step process for this stakeholder engagement process. The first step would be a Staff-led scoping workshop with stakeholders. Staff is tentatively planning this workshop for the week of October 16, 2017. This workshop would include a Staff-developed initial list of implementation items that could be resolved or advanced in the absence of the Program Administrator. Examples of issues that could be addressed include but are not limited to:

- Pre-recovery of a portion of Program Administrator funds

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<sup>11</sup> OAR 860-088-0160.

<sup>12</sup> Order No. 17-232, p.14.

- Discussion of policy-dependent questions; such as the definition of “affiliate” under the rules
- Billing tariffs
- Discussion of data access and transfer issues
- Community Solar Project qualifying requirements

Stakeholders would be encouraged to propose additional items, and Staff would work with stakeholders to strategically narrow the list of implementation items to those that are timely and that are likely to be subject to constructive resolution in the absence of a Program Administrator.

This workshop would also include a discussion of docket structures for individual implementation items. Stakeholders would provide ideas and input on where and how these items would be resolved. For example, many or even most Community Solar Program implementation items, culminating with the filing and approval of the Program Implementation Manual, could be managed as part of an expansive, single docket out of which other utility-specific filings are made. In the alternative, utility specific dockets could be developed and coordinated on issues involving universal cross-utility programming. Stakeholders would discuss these procedural questions in a way that would inform a Staff recommendation to the Commission.

This workshop would result in a filing from Staff in this docket. This filing would present a recommendation on a structure for initial Community Solar Program implementation dockets, and would present a recommendation for a scope for those dockets, with special emphasis on the implementation items that can be more appropriately addressed in the period before a Program Administrator is hired.

### Conclusion

Staff understands and appreciates the significant tasks ahead for the successful implementation of Oregon’s Community Solar Program. Staff is taking action on a Program Administrator RFP, and proposes to educate potential bidders on its anticipated content and requirements as much as possible. On a separate track, Staff proposes to shortly begin a stakeholder engagement process that will allow a series of important implementation items to be addressed while a Program Administrator is identified and hired.

**PROPOSED COMMISSION MOTION:**

Approve Staff request to commence a stakeholder process to identify and scope Community Solar Program implementation actions that can be taken by Staff and stakeholders concurrently with the issuance of a Request for Proposals (RFP) for a Community Solar third-party Program Administrator. Staff shall report back to the Commission with a recommended docket structure for implementation items and a recommended initial scope.

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