

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 22, 2022**

REGULAR CONSENT EFFECTIVE DATE February 23, 2022

DATE: February 14, 2022

TO: Public Utility Commission

FROM: Joe Abraham

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Proposes Certification extensions for four projects in the Community Solar Program.

STAFF RECOMMENDATION:

The Oregon Public Utility Commission (OPUC or Commission) should accept recommendation of the Program Administrator (PA) of the Community Solar Program (CSP or Program) to grant Certification extensions for four projects.

DISCUSSION:

Issue

Whether the Commission should extend the period for Certification for four Community Solar Program projects.

Applicable Rule or Law

Section 22 of Senate Bill (SB) 1547, effective March 8, 2016, and codified in Oregon Revised Statute (ORS) 757.386, directs the OPUC to establish a community solar program.

On June 29, 2017, the Commission adopted formal rules for Oregon's Community Solar Program under Oregon Administrative Rules (OAR) Division 88 of Chapter 860.

OAR 860-088-0040(5) articulates that a project remains pre-certified for a period of 18 months, unless granted an extension by Commission order.

Section 4.7.1 of the CSP Program Implementation Manual (PIM) indicates a Project Manager's (PM) request for an extension of the Certification deadline must be approved by OPUC via a pre-certification amendment.

Analysis

Background

The Commission has pre-certified each of the projects listed below.^{1,2,3,4}

Project Name	Name of PM	Utility Territory	Project Size (kW-AC)	Status	Extension Requested	Attachment
Belvedere Solar	Solar Town	PGE	2,970	pre-certified 8/7/20	6 months	A
Clayfield Solar, LLC	Solar Town	PGE	2,565	pre-certified 7/17/20	6 months	A
Dover Solar	Solar Town	PGE	1,980	pre-certified 7/1/20	6 months	A
Manchester Solar, LLC	Solar Town	PGE	1,800	pre-certified 7/1/20	6 months	A

Extension of Timeline for Certification

Extending the timeline for project Certification is considered a project amendment pursuant to the Program Implementation Manual (PIM) and requires PMs to submit a written request that is reviewed by the PA and approved by the Commission.⁵ The PA evaluates extension requests on a case-by-case basis based on the circumstance of the project, but also takes care to offer equitable treatment across projects. The PA appreciates the challenges caused to projects by the COVID-19 pandemic and supports granting an extension of up to six months for any PM that can credibly demonstrate delay due to COVID-19.

¹ See Order No. 20-142 ("Community Solar Projects for Conditional Pre-Certification Consideration"), April 27, 2020.

² On July, 1, 2020, the PA received documentation confirming the Dover Solar and Manchester Solar, LLC projects had terminated prior power purchase agreements with PGE, and removed the conditional status of their pre-certification in the Program.

³ On July, 17, 2020, the PA received documentation confirming the Clayfield Solar, LLC project had terminated a prior power purchase agreement with PGE, and removed the conditional status of the project's pre-certification in the Program.

⁴ On August, 7, 2020, the PA received documentation confirming the Belvedere Solar project had terminated a prior power purchase agreement with PGE, and removed the conditional status of the project's pre-certification in the Program.

⁵ Cite to PIM p. 73.

Certification Deadline Extension Requests

The PM, Solar Town, has submitted extension requests for the four projects listed in the table above and discussed below. The PM explains that its extension requests are due to delays related to the COVID-19 pandemic. Among other factors, the PM cites global supply chain issues, and delays in local government permitting due to the pandemic. The PA's recommendation is provided below.

i. Belvedere Solar

Belvedere Solar is a 2,970 kW project located outside of Mt. Angel in Marion County, in Portland General Electric's (PGE) service area. The project was pre-certified on August 7, 2020. The PM has requested a six-month Certification deadline extension from February 7, 2022 to August 7, 2022, Attachment A.

ii. Clayfield Solar, LLC

Clayfield Solar, LLC is a 2,565 kW project located outside of Estacada in Clackamas County, in PGE's service area. The project was pre-certified on July 17, 2020. The PM has requested a six-month Certification deadline extension from January 17, 2022 to July 17, 2022, Attachment A.

iii. Dover Solar

Dover Solar is a 1,980 kW project located outside of Canby in Clackamas County, in PGE's service area. The project was pre-certified on July 1, 2020. The PM has requested a six-month Certification deadline extension from January 1, 2022 to July 1, 2022, Attachment A.

iv. Manchester Solar, LLC

Manchester Solar, LLC is a 1,800 kW project located outside of Dayton in Yamhill County, in PGE's service area. The project was pre-certified on July 1, 2020. The PM has requested a six-month Certification deadline extension from January 1, 2022 to July 1, 2022, Attachment A.

In August 2021, the PA and Staff determined the PM needed to submit a project pre-certification amendment request for Commission approval. The PA and Staff made this determination because the PM's Subscription Manager, or agent designated by the PM to conduct customer outreach and acquisition for the four projects, was utilizing a customer agreement that involved an agency model. In this model, customers assign the Subscription Manager limited power of attorney to administer the customer's utility account, enroll the customer in a Community Solar project, and provide the customer with a consolidated bill. Both the agency model and consolidated billing represented significant changes from the PM's pre-certification applications for the four projects.

Upon receipt of the PM's Certification extension request on December 22, 2021, the PA and Staff promptly notified the PM that its Certification extension request would not be processed until the PM submitted the project pre-certification amendment request. On January 28, 2022, the PM confirmed it was no longer using the customer agreement requiring the amendment request. The PA confirmed the amendment request was no longer needed and promptly processed the Certification extension request.

The PA finds the four projects are making timely progress towards Certification and that an extension of six months would permit the projects to complete construction within the time permitted. For these reasons, the PA considers these extension requests to be reasonable in light of the unforeseen challenges of COVID-19, and recommends granting the extension.

Conclusion

Staff agrees with the analysis of the PA and recommends the Commission approve project Certification extensions for the four projects discussed above.

PROPOSED COMMISSION MOTION:

Accept the recommendation of Staff and the PA to grant the amendments extending the timeline for Certification for four projects in the Community Solar Program.

12/22/2021

Oregon Community Solar Program
c/o Program Administrator

Re: Request for Extension of Time to Achieve Certification

Dear Program Administrator,

We are writing on behalf of Solar Town, LLC, a registered Project Managers in the Oregon Community Solar Program (the “CSP”). The Project Manager is developing four projects that are pre-certified in the CSP, each of which is seeking a six-month extension of time to achieve certification. The four projects are:

	Date Pre-Certified	Certification Deadline	Requested Extension
Belvedere Solar, LLC	August 7, 2020	February 7, 2022	Six Months
Clayfield Solar, LLC	July 17, 2020	January 17, 2022	Six Months
Dover Solar, LLC	July 1, 2020	January 1, 2022	Six Months
Manchester Solar, LLC	July 1, 2020	January 1, 2022	Six Months

OAR 860-088-0040(5) provides that “[a] project remains pre-certified for a period of 18 months, unless granted an extension by Commission order.” The rules do not address extensions, but the CSP *Program Implementation Manual* (the “PIM”) indicates that “requests to extend a Project’s Certification deadline[] are considered amendments to a Project’s Pre-Certification.”¹ Section 4.7.4 of the PIM provides the following guidance:

Major revisions require the submission of a written request. This request is submitted through the Community Solar Program Platform and accompanies the details of the proposed revision.

The written request for major revisions should detail the Project’s progress, the reasons for the requested change and, in the case of extension requests, a realistic timeline for the completion of Certification requirements and the achievement of commercial operation.²

¹ PIM at 68.

² PIM at 70.

In brief, these four projects have all made substantial progress toward certification and are expected to succeed. However, all four projects have suffered unexpected delays due to COVID-19 and natural disasters. In addition, development continues to be delayed due to supply chain disruptions and material cost increases. The requested extensions are needed to mitigate the costs of these delays and avoid incurring additional unnecessary costs through pursuing construction during winter months. Although there is continuing uncertainty about COVID-19 and supply chain disruptions, based on the information available today, the Project Manager expects that the requested extensions will enable the four projects to achieve certification, achieve commercial operations, and fully participate in the CSP.

Each item is explained further below.

The Four Projects Have Made Good Progress

Despite these issues described later on, we feel very confident about the status of these projects and our ability to bring them to completion. Below is a brief progress update, and we have happy to provide additional details if that would be helpful.

The projects are making excellent progress towards satisfying the participant subscription requirements. Achieving certification requires projects to demonstrate “[o]wnership of, or subscription to, at least 50 percent of the project nameplate capacity,” among other requirements.³ Through the hard work of our partner Common Energy, all projects are nearly 100% subscribed (not counting low-income subscription requirements⁴). In addition, Common Energy has also secured a handful of large commercial and industrial subscribers that are both highly creditworthy and strong, stable business members in their local communities.

Similarly, the projects are making steady progress towards achieving commercial operations. Belvedere Solar and Dover Solar have all their required permits, essentially providing a clear path to start construction. Clayfield Solar also has its building permit. We have permission to begin civil work on Manchester Solar, after which the county will inspect the work and, we expect, will issue the electrical permit that allows work to continue.

In summary, we are confident that the four projects will be built and serve subscribers’ needs. It is a question of timing.

There Have Been Unexpected Delays and Disruptions

While all four projects continue to make steady progress, there have been some unexpected delays due to COVID-19 and natural disasters, and disruptions to project development, primarily supply chain disruptions and materials cost increases.

³ OAR 860-088-0050(2).

⁴ We expect these requirements to be met shortly or at least within the time allowed under the current waiver for these requirements. *See* Order No. 21-347 at 1 (Oct. 25, 2021).

Impact of COVID-19

For much of 2020 and into 2021, COVID-19 has impacted our ability to complete development activities with the speed and efficiency that we are accustomed to when businesses and governments are fully open. This impact has impaired everything from site walks by our engineering and design teams to coordination with vendors to resolving land entitlement issues with easement holders. While we continue to make progress, this has undoubtedly delayed our ability to start construction.

Natural Disasters and Subsequent Delays

Over the course of the last year, the severe wildfires (summer/fall 2020) and ice storm (winter 2020/2021) that have hit Oregon have impacted the ability of Portland General Electric Company (“PGE”) to work with us on technical issues related to our planned interconnection of the four projects. In particular, PGE issued a force majeure notice after the wildfires and was effectively offline for 1-2 weeks after the ice storm as it focused on restoring power to the local communities. While we believe we have resolved all issues with PGE and anticipate achieving interconnection in a timely manner, the delays have slowed down our ability to move towards financing and construction.

Supply Chain Disruptions

Our EPC partner has cautioned us that significant delays in the procurement of long-lead time items are to be expected given supply chain issues that are also affecting the broader industry. As a result, we are uncertain when we might expect to achieve necessary equipment. We are optimistic that we will be able to achieve commercial operations in a timely manner, but ultimately we do not have sufficient information at this time to know for certain.

Materials Cost Increases

Cost estimates have also increased over the last few months as raw materials prices and shipping costs continue to rise. These cost increases are forcing us to re-examine our capital expenditures budget and make adjustments on both cost and financing. As examples,

- EPC pricing increased \$0.10/W solely due to an increase in materials costs
- Module pricing has increased between \$0.05-\$0.20/W depending on estimated delivery dates as supply constraints are serving to push up prices

We are endeavoring to work with suppliers to achieve development in a cost-effective manner. However, addressing these cost increases has similarly slowed down our ability to move towards financing and construction.

Oregon Community Solar Extension
December 22, 2021
Page 4 of 4

Six-Month Extensions Would Provide a Reasonable Amount of Time for Development

We recognize that we do not have perfect information at this time. However, based on the information available, we are optimistic that six-month extensions to achieve certification will enable all four projects to meet CSP deadlines. This understanding is based in part on our understanding that projects have up to six months to complete interconnection and achieve commercial operations after being certified.⁵ If we encounter additional unexpected delays, we may need to request further extensions in the future.

Under the current timelines, we would need to begin construction during winter months. We had hoped to avoid this, as construction during winter months is more expensive and more difficult, which typically creates additional risk to keep construction on-time and under budget.

With the requested extensions, we anticipate achieving certification and commercial operations without needing to rely upon construction during the winter months. This will help us minimize our development costs and make it more likely that construction will proceed on time and without any further delays.

We respectfully request that the Commission grant the requested extensions for all four projects.

Sincerely,



Kevin White
Manager
Solar Town LLC

⁵ PIM at 76.