

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 4, 2021**

REGULAR CONSENT EFFECTIVE DATE _____

DATE: April 26, 2021

TO: Public Utility Commission

FROM: Kacia Brockman

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

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Requests waiver of the Community Solar Program annual reconciliation in 2021.

STAFF RECOMMENDATION:

Approve the Community Solar Program Administrator's request to waive the annual bill credit reconciliation for 2021.

DISCUSSION:

Issue

Whether the Commission should approve the Community Solar Program (CSP or Program) Administrator's request to waive the requirement to conduct an annual bill credit reconciliation for 2021.

Applicable Rule or Law

ORS 757.386(2)(a) directs the Commission to establish a program that provides electricity customers the opportunity to share the costs and benefits of electricity generated by community solar energy systems.

On June 29, 2017, in Order No. 17-232, the Commission adopted formal rules for the CSP under OAR Division 88 of Chapter 860.

In accordance with OAR 860-880-0190, on December 17, 2019, in Order No. 19-438, the Commission adopted the CSP Implementation Manual (PIM) and the program policies and procedures therein.

OAR 860-088-0170(4) requires that a participant's excess generation at the end of the annual billing cycle be donated to the utility's low-income programs, and specifies that the annual billing cycle ends at the close of the March billing month.

Section 6.3.6 of the PIM requires the Program Administrator to conduct an annual bill credit reconciliation process in which energy generated is compared to energy consumed for the purpose of complying with OAR 860-088-0170(4).

OAR 860-088-005(2) allows the Commission to waive any of the CSP rules for good cause shown.

Section 3.16 of the PIM provides that the Program Administrator may request, and the Commission may approve, a waiver of any PIM provision on a case-by-case basis.

Analysis

Background

Similar to net metering, a CSP participant may receive credits for solar energy generated in an amount up to, but not exceeding, the participant's energy consumption. This comparison of generation to consumption is made across a period of 12 months in order to account for seasonal variations in both solar generation and the customer's load. The Program Administrator performs this comparison for each CSP participant in an annual reconciliation process that occurs in April, after the March billing month closes. If, during the previous 12 months, the participant's solar subscription generated more electricity than their site consumed, the participant is deemed to have oversubscribed for that period. CSP participants who oversubscribe must repay to the utility the value of bill credits received for the quantity of energy that was oversubscribed. The amount owed will appear as an oversubscription charge on the participant's April utility bill.

If a new CSP participant's subscription begins generating on any date other than April 1, the participant will have fewer than 12 months of generation history at the time of their first-year reconciliation in April. The PIM specifies that during a participant's first year, the comparison of generation to consumption will be made across that partial year of operation, from the time the participant's subscription starts to the annual reconciliation in April.

2021 annual reconciliation results

The Program's first two projects began commercial operation in March 2021, just one month before the April reconciliation. Therefore, the 2021 reconciliation compared generation to consumption for a one-month period. The reconciliation found that 28 percent of participant sites enrolled in those two projects (48 of 170 participant sites) oversubscribed during their first month of participation. In aggregate, the oversubscriptions resulted in 14,000 kWh of excess generation, valued at \$1,573 in excess bill credits paid to the subscribers.

Request and justification for waiver

On April 8, 2021, the Program Administrator alerted Staff about the unexpectedly high rate of oversubscription during the Program's first billing month. The Program Administrator promptly analyzed the customer usage data to investigate the potential causes of oversubscription. On April 14, 2021, the Program Administrator requested that Staff recommend the Commission grant a waiver of the annual reconciliation for 2021.

The Program Administrator identified a variety of circumstances that contributed to the high rate of oversubscription.

1. The reconciliation compared 31 days of solar generation to 28 days of energy consumption. This is because energy generated by a CSP project is measured by calendar month, whereas consumption is measured by each utility customer's individual billing cycle. In March 2021, the typical billing cycle started in early-to-mid February, ended in early-to-mid March, and, for nearly all participants, consisted of 28 days. Generation, on the other hand, was measured from March 1 to March 31. If the billing cycle had matched the generation cycle's 31 days in length, the oversubscription amount would likely have been reduced by 40 percent.
2. Seventy-seven percent of the oversubscribed participant sites (37 of 48 sites) have subscriptions that are sized to meet over 90 percent of their site's average historical annual load. It is too early to know if subscriptions sized at that level will experience oversubscription after a full 12-month period. However, it is clear that projects sized closer to annual load were more likely to oversubscribe during this one-month period.
3. Nineteen percent of the oversubscribed participant sites (9 of 48 sites) have a history of lower-than-average winter season consumption relative to total annual consumption. These sites would be expected to oversubscribe during a period that is isolated to their low-consumption winter/spring season.
4. All but two of the 48 oversubscribed participant sites are nonresidential, and may be experiencing reduced operations due to the pandemic, compared to the

historical consumption data used to size their solar subscriptions. Sixty-seven percent of the oversubscribed participant sites (32 of 48 sites) had average daily electric consumption in the past two months that is less than 75 percent of their historic daily consumption in winter months. In comparison, only six sites that did not oversubscribe met this threshold.

5. The March billing cycle for 94 percent of the oversubscribed participant sites (45 of 48 sites) included the period of time during which many PGE customers experienced outages caused by the February 11-12, 2021, ice storm. While the Program Administrator is not able to confirm whether specific customer sites experienced power outages as a contributing factor in oversubscriptions, local outages may have contributed to lower than expected consumption for some participants. Over half of the oversubscribed participant sites (25 of 48 sites) consumed at least five percent less average energy per day during the March billing cycle than during the previous month's billing cycle. Because a community solar generating facility is normally located remote from its subscribers, a local power outage may disrupt the participant's consumption without disrupting generation, thus increasing risk of oversubscription, or vice versa. By comparison, for net metering customers, a local power outage will disrupt both consumption and generation at the customer's site.

The aggregate impact of waiving the 2021 reconciliation is small. Only two projects are operating, totaling just 4.4 MW out of the 82 MW of available Program capacity. The dollar amount that will not be returned to ratepayers if the waiver is granted is just \$1,573. Absent the waiver, the oversubscription fees for the 48 affected participants would range from a few cents to just over \$100. Staff is concerned that having these earliest community solar adopters experience an unexpected oversubscription fee after their first month of participation could hinder customer recruitment in the near-term.

Staff discussed the proposed waiver with utilities, the Oregon Citizens' Utility Board, and Oregon Solar + Storage Industries Association, and received no objections.

Conclusion

Staff recommends that the PIM requirement for an annual reconciliation be waived for 2021. The annual reconciliation was designed to consider a full 12 months of generation and consumption in order to account for seasonality of generation, variability in participant load profiles, and the discrepancy between generation and billing cycles used in the reconciliation. Partial-year accounting inevitably puts some customers at greater risk of oversubscription based on their consumption pattern. Just a single month of accounting, as in 2021, exacerbates the risk. Staff is currently recommending waiving only the 2021 reconciliation. Prior to the 2022 annual reconciliation, Staff will work with

the Program Administrator to better understand the impact of reconciling partial-year generation for new subscribers.

A variety of factors, described above, likely contributed to the unexpectedly high oversubscription rate seen during the Program's first month of operation. Staff is concerned, however, that Project Managers may be sizing subscriptions too close to a customer's historical annual load, thus increasing the participants' risk of oversubscription. However, one month of data is insufficient to draw conclusions. The Program Administrator is planning to conduct quarterly reviews of system sizing and provide feedback to Project Managers so that they may adjust system sizes as needed to help their customers avoid future oversubscription.

PROPOSED COMMISSION MOTION:

Approve the Community Solar Program Administrator's request to waive the annual bill credit reconciliation for 2021.