



October 15, 2019

Public Utility Commission of Oregon
201 High Street SE
Salem, OR 97301

RE: Docket No. UM1930 – Staff Policy Proposal

Dear PUC,

The Bonneville Environmental Foundation (BEF) greatly appreciates the opportunity to contribute our thoughts on the staff proposal for the Oregon Community Solar Program (CSP). We want to express our gratitude for all the hard work the PUC has put into shaping this program and helping to eliminate some of the barriers to participation for low-income communities. The thorough work to balance the interests of a successful program and broader ratepayer impacts is appreciated, however we caution the Commission to not attempt to continue to thread the needle on critical decisions when the success of this program is in the balance. We also greatly appreciate the emphasis put on equitable opportunity and access. The ability for underserved households to benefit from this program rest entirely on the economic viability of projects.

BEF supports the following proposals from the PUC staff:

1. **Using an increasing retail rate** (residential retail + 2.18% annual escalator) as the interim bill credit rate. This mechanism will be critical to maintaining long term viability of the program and to ensure there will be the opportunity for saving for all subscribers. This is the most important aspect to encourage program viability.
2. **The expansion of the residential retail bill credit** to more program capacity allows for more program certainty and equitable opportunities for program participants. BEF is supportive of at least 75% of the initial capacity tier to receive this bill credit value but would caution that each incremental decision the Commission makes injects more program uncertainty. This implementation process has been slow and incremental and has clouded national perception that this will ever be a viable program. Any successful program has longevity and certainty and BEF encourages each decision the PUC makes to incentivize program success by creating certainty this program will work.
3. **The expansion of reserved capacity** from only small projects to larger non-profit-led projects is a great benefit to the communities that lack the resources of the private developer community. This program has seen tremendous uncertainty over the implementation period and only the boldest CS and QF developers have been active in development. Reserved capacity for small and non-profit projects will allow communities



to catch up and structure projects that will address their community needs and low-income energy burden.

4. **Requiring a minimum of 20% subscription savings for low-income participants.** In order for low-income communities to meaningfully participate in this program, there have to be tangible economic benefits to subscribing to a community solar project. BEF supports the prioritization of projects that generate more than 20% savings for low-income customers, as greater savings would lead to a greater reduction in the energy burden of low-income subscribers.
5. **Defining “low-income” as 80% of the state median income (SMI).**
6. **Requiring that 10% of each project** should be comprised of low-income subscribers. This requirement is crucial in ensuring that 10% of the program directs benefits to the low-income population.
7. **Simplified bill crediting** that nets total bill costs vs. annual energy consumption is a positive step in reducing overall subscription and administration costs.

BEF has concerns, questions, or comments about the following elements:

1. BEF would encourage policies that support exceeding the 10% low-income capacity requirement, or the 20% minimum savings requirement. This ability would encourage the difficult prospect of delivering low-income solar benefits and could decrease overall costs of the program. Compensation could be in the form of avoided administrative fees for the entire project or avoided project pre-certification fees. Staff lists the potential for preference for low-income projects but no details were provided.
2. The commendable work to split the administration costs between ratepayers and subscribers is much appreciated, however the ongoing administrative fee proposal is unclear and should be clarified. First off, these fees should be applied to the AC capacity of a generator, but this is not clear in the latest staff memo. In addition, the administration fees set at the current level are alarming. With the current proposal of a \$1.50/kW/month charge, the ongoing administration fees could amount to 10-15% of the total revenues for a project, and up to 20% of the project capital costs. For a program value that is already marginal, this added cost could eliminate many viable projects. As Staff notes, a 160MW program would only necessitate an \$.80/kW/month admin fee. BEF would propose opening up the full initial capacity tier to allow for lower admin costs and more cost certainty on this critical element. This aligns with the Commission's Order 17-232, which stated the need for a program large enough to sustain admin fees. Based on Staff's ratepayer impact estimates this expansion to 160MW would only increase the ratepayer impact by .07% of the revenue requirement.
3. The interconnection pilot proposal should be successful in allowing a new CS project to proceed through the study phase quicker than the serial QF queue. Allowing projects to deliver their energy to the distribution system mimics net metered projects and is an equitable outcome. However, there are still potential issues with study timelines, information transparency, and interconnection costs that may not be necessary. We would encourage the PUC to continue evaluating ways to interconnect distributed generation in a more equitable and cost effective manner while working with utilities to



get these costs in line with the national averages. As we enter a new world of Public Safety Power Shutoffs, a more resilient and distributed electricity system is all the more valuable to Oregonians.

We are grateful for the PUC's willingness to overcome some of these barriers and work toward a functional and successful community solar program. These next critical decisions will determine whether solar will be able to equitably grow in Oregon or if community based renewable energy will continue to struggle.

Sincerely,

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