

October 15, 2019

Oregon Public Utility Commission
Attn: Caroline Moore
201 High St SE #100
Salem, OR 97301

RE: UM 1930 Stakeholder Feedback

To the Oregon Public Utility Commission Staff and Commissioners:

Sustainable Northwest wishes to thank the Oregon Public Utility Commission (OPUC) and Staff for the thoughtful and inclusive approach regarding stakeholder engagement in the implementation of the Community Solar program. We appreciate your time and commitment to delivering a robust and equitable program.

We write to express our support for Staff's recommendations filed on October 4, 2019 (Docket UM 1930)¹ which will increase certainty, transparency, and equitable access to the Community Solar Program (CSP). We believe the intent of the program is to increase access and affordability of renewable technologies to new and underserved communities, not establish another premium product like a voluntary green power program. We also see the inherent value in community-initiated projects that can maximize local benefit to all community members, whether they participate in a project or not.

We appreciate Staff's decision-making framework and agree that the overarching purpose of the program rests in equitable opportunity. To that end, we see no reason to undervalue the benefits of the program or penalize Subscribers who do not have access to their own rooftop.

Staff's recommendations strike the right balance that both incentivizes project development while minimizes cost shifting. These recommendations will help to ensure Project Managers from diverse backgrounds, regions, and interests can advance community-driven projects. They provide additional clarity and support for non-profit or public-led projects that aim to maximize community-benefit. And most importantly, they safeguard and ease meaningful participation for Subscribers.

Sustainable Northwest has been participating in this rulemaking process since 2017, initially through Docket AR 603 and now UM 1930. At the same time our team has provided technical and financial assistance, working directly with communities around the state to lay the foundation for project development. This role has positioned us to ground truth program rules and project financials, and in turn report our findings back to the Commission, Staff, and Program Administrators.

We would like to take this opportunity to provide comments on vital elements of the program and how it relates to Staff's recommendations.

¹ Item No. RA1 PUC Staff Report (Docket No. UM 1930) Community Solar Program interconnection, low-income, transition to ongoing costs, and bill credit rate policies.

Bill Credit Rate and Interim Capacity

We appreciate Staff's recommendations for the bill credit rate which recognizes this value as the lynchpin of a successful community solar program. In our analysis, no other element of the program has such wide-ranging implications. We applaud Staff's proposal to expand the known credit rate to a greater program capacity. Designating a known credit rate over an increased capacity allocation provides many benefits.

First, it is unknown at this time what process will be triggered when the interim capacity is met. Projects under development will have to choose to move forward with uncertain financial scenarios, or halt development altogether until a different rate has been determined, potentially adding costly delays. Community-initiated projects will likely be unable to shoulder those additional costs. Second, increasing program capacity will allow local, non-traditional Project Managers the opportunity to advance project development, decreasing competition from national developers and utilities. Third, allowing a greater number of projects to absorb the administrative costs will increase the ability to deliver meaningful benefits to Subscribers.

The additional clarity on project financials will mean less costly disruptions to project development, more time and certainty to attract investors, and overall increase project viability for rural and underserved communities.

Sustainable Northwest recommends expanding the known credit rate to the full program capacity tier, or 2.5% of 2016 peak load, which will greatly reduce economic uncertainty, ensure greater participation from rural and low-income Subscribers, and allow the program to meet the intent and goals of the legislation.

We would like to underscore our understanding of the need for an escalator. Without an escalator, the bill credit rate method would penalize CSP Subscribers compared to net-metered customers, leading to declining offset percentages over time. This happens faster if the utility increases prices while the bill credit rate remains the same. This invalidates any claim that "solar is a hedge against rising energy prices" and could make rural participation challenging. (See attachment below for preliminary project financials with and without an escalator.)

Non-Profit and Public Carveout

To that end, we appreciate Staff's recommendations to create a carve-out for non-profit and publicly initiated projects. Our rural community partners have identified many drivers and potential benefits they seek to achieve through the CSP. These include meeting municipal or county energy planning goals, investing in local workforce development, expanding the county tax base, building strong community and private/public partnerships, preventing displacement, directing appropriate resources and benefits to match need, and offsetting job losses from the sunset of the Residential Energy Tax Credit program. We believe it's possible to realize these goals through thoughtful project development and community engagement and appreciate Staff's recognition of this important market segment.

Low-Income Requirements

Sustainable Northwest supports Staff's proposal to enforce a 10% project capacity carveout for low-income participants, which meets the intent and goal of the original legislation. It also levels expectations for each project and Project Manager. We appreciate a savings requirement for low-income participants, which will safeguard vulnerable residents and applies a "do no harm" ethos across the program.

In order to ensure this core value is implemented and delivered, we urge Staff and the Commission to continue to holistically examine the entirety of the program, and the relationship between low-income benefits and project economics. Decisions made regarding the bill credit rate, program capacity, and interconnection, all bear direct impacts on the ability to deliver meaningful benefits to low-income subscribers.

Interconnection

Sustainable Northwest is generally supportive of Staff's recommendations to increase transparency, ease, and feasibility of the interconnection process. This has been an increasingly challenging component of the program for rural communities that enjoy high solar resource availability but face exceedingly high network upgrade costs and wheeling fees, coupled with a lack of critical transmission data. We believe community solar projects are distinct from other solar generation projects, and support a streamlined interconnection process specific to the Community Solar Program.


We appreciate Staff's recommendations to explore cost-sharing opportunities, utilize a third-party to review interconnection studies, and increase transparency through the publication and release of transmission-related information.

Conclusion

An effective program will value flexibility, maximize access and ease of participation, and provide appropriate incentives, timelines, and assurances so that owners, developers, and subscribers realize meaningful project benefits. Sustainable Northwest and our community partners at The Environmental Center support these recommendations as organizations pursuing community-driven projects.

We appreciate the opportunity to weigh in at this critical juncture and applaud the PUC for a thoughtful and inclusive Community Solar implementation process. We look forward to working with the PUC, staff, and stakeholders to develop a meaningful and equitable program for Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Block", written in a cursive style.

Greg Block
President

Impact of bill credit rate changes

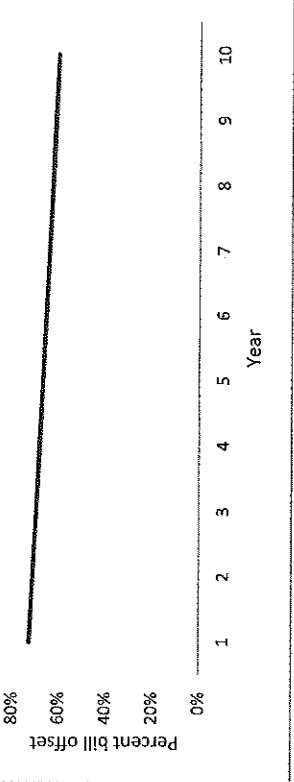
Average Household
 Electricity Bill \$100
 Monthly consumption 900 kWh
 Annual 10,800 kWh
 Retail rate 10.50 ¢
 Inflation/Energy CPI 2%

Solar potential
 Max system size for 100% offset 1,126 kWh/kw-year
 Subscribed capacity 9.6 kW solar
 Calculated proportion from solar 7 kW
 Annual degradation 73%
 0.50%

Subscription rate paid to PM 9.00 cents per kWh
 Rate escalator 2%
 Admin fee 1.50 ¢ cents per kWh

The average residential customer used 900kWh per month (City of Portland, 2012)

Average Oregon residential system size in 2018 was 6.2 kW
<https://www.oregon.gov/energy/energy-oregon/Pages/Oregon->



The bill credit rate method is not virtual net metering and will lead to declining offset percentages over time. This happens faster if the utility increases prices while the bill credit rate remains the same. This invalidates the claim that solar is a hedge against rising energy prices and could make marketing to rural and low income customers difficult.

	Year	0	1	2	3	4	5	6	7	8	9	10
Consumer / Household Demand												
Usage		10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh	10,800 kWh
Rate	Escalator	10.50 ¢	10.71 ¢	10.92 ¢	11.14 ¢	11.37 ¢	11.59 ¢	11.82 ¢	12.06 ¢	12.30 ¢	12.55 ¢	12.80 ¢
Utility bill		\$ 1,134	\$ 1,157	\$ 1,180	\$ 1,203	\$ 1,227	\$ 1,252	\$ 1,277	\$ 1,303	\$ 1,329	\$ 1,355	\$ 1,381

	Year	0	1	2	3	4	5	6	7	8	9	10
Subscription												
Generation		7,843 kWh	7,804 kWh	7,765 kWh	7,726 kWh	7,688 kWh	7,650 kWh	7,612 kWh	7,574 kWh	7,536 kWh	7,499 kWh	7,462 kWh
Total generation		76,695 kWh										
Bill Credit Rate	Escalator	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢	10.50 ¢
Subscription Cost	Escalator	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢	9.00 ¢
Administration fees		1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢	1.50 ¢

Bill Credit		\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49	\$ 823.49
Subscription cost		\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)	\$ (705.85)
Administrative fee		\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)	\$ (117.64)
Bill savings		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Percent of bill offset		73%	71%	70%	68%	67%	66%	64%	63%	62%	61%	60%
Percent of usage offset by solar	(0.5% degradation)	73%	72%	72%	72%	71%	71%	70%	70%	70%	69%	69%
Percent bill savings		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%



