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Solar Parties Comments in Response to Utilities Proposed Tariffs and Staff Report 4-6-2020

The Oregon Solar Energy Industries Association (OSEIA) and Coalition for Community Solar Access (CCSA) (hereto after referred to as “Solar Parties”) provide these comments in response to Staff’s Report¹ filed for the upcoming April 7 Public Utility Commission (Commission) Public Meeting, and the related proposed interconnection (and associated procedures and agreements) and purchase agreement tariffs and supplemental filings by the three utilities: Portland General Electric (PGE)²; PacifiCorp³; and Idaho Power Company⁴ (IPC).

As stated in previously filed comments⁵ on this topic, the Solar Parties have largely deferred to the legal expertise of the Renewable Energy Coalition (Coalition) in its review and input of these technical tariffs. For example, the Solar Parties endorsed the comments filed by the Coalition on February 19⁶ in response to the utilities draft purchase agreements, as well as the Coalition comments filed on March 10⁷ in response to the utilities proposed interconnection agreements (and associated documents). Likewise, the Solar Parties support the Coalition comments filed on April 3.⁸

That said, the Solar Parties submit here a general comment on the proposed tariffs and Staff’s associated review and recommendations, in addition to more specifically reiterating concerns and potential process alternatives regarding the treatment of projects with potential transmission-related network upgrades.

General Comment

The Solar Parties appreciate Staff’s diligence in reviewing the utilities proposed tariffs in comparison to existing relating documents and procedures, and in accounting for feedback submitted through written

¹ Staff Report (3/30/2020). <https://edocs.puc.state.or.us/efdocs/HAU/um1930hau17448.pdf>

² PGE’s proposed tariffs (2/18/2020). <https://edocs.puc.state.or.us/efdocs/HAD/um1930had17226.pdf> tariffs; PGE’s Second Supplemental Filing (3/23/2020). <https://edocs.puc.state.or.us/efdocs/HAD/um1930had74159.pdf>

³ PacifiCorp’s proposed tariffs (2/18/2020). <https://edocs.puc.state.or.us/efdocs/HAD/um1930had154744.pdf>; PacifiCorp Supplemental filing (3/26/2020). <https://edocs.puc.state.or.us/efdocs/HAD/um1930had154447.pdf>

⁴ Idaho Power’s proposed tariffs (2/18/2020). <https://edocs.puc.state.or.us/efdocs/HAD/um1930had165329.pdf>; Idaho Power’s Supplemental filing (3/26/2020). <https://edocs.puc.state.or.us/efdocs/HAD/um1930had15387.pdf>

⁵ OSEIA-CCSA Comments (3/11/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac17150.pdf>

⁶ Coalition comments (2/19/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac142414.pdf>

⁷ Coalition comments (3/10/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac174454.pdf>

⁸ Coalition Comments (4/3/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac163031.pdf>

comments as well as during the March 19 virtual workshop.⁹ The Solar Parties are well aligned with Staff's interest to have these program-specific tariffs be closely modeled after the existing small generator interconnection procedures (under OAR Division 82) and the existing standard PURPA contracts. Any deviations from these existing documents and processes should only be designed to accommodate community solar program needs. Existing small generator interconnection rules and PURPA standard contract documents are well-vetted and understood in Oregon. This is particularly true given the program began accepting applications on January 21 and we are now in a rush to finalize the remaining aspects so that projects can confidently move forward with pre-certification. The aim should be toward simplicity and transparency, with an eye toward not making unnecessary changes that fuel confusion or increase costs and financeability risks.

As Staff notes, the utilities initial proposed tariffs unnecessarily diverged in numerous ways from existing vetted procedures and documents. Though this was frustrating and delayed the amount of time needed to review and approve the tariffs, it appears the utilities have acknowledged input from Staff and stakeholders and made a number of adjustments. That said, Staff calls out eight outstanding issues on the purchase agreements that still need to be addressed.¹⁰ The Solar Parties support Staff's recommendations on the first seven outstanding elements listed. Conversely, the Solar Parties provide below a response and additional input relating to the eight element, regarding network upgrade.

Concerns with Process for Network (Deliverability) Upgrades

The Solar Parties remain highly appreciative of the effort by Staff, the utilities, and other stakeholders to produce interconnection solutions that were ultimately adopted by the Commission for the community solar program.¹¹ It is encouraging and exciting to see active projects being submitted into the community solar queue in PacifiCorp's territory, though the Solar Parties also recognize this is a pilot approach that needs to be tested before we have clear conclusions on its success. The Solar Parties hope that the eligibility requirements for participating in the community solar interconnection process (to be at or below 100% of minimum daytime load on a feeder) will avoid major transmission-related upgrades. Further, close scrutiny by Staff and the Program Administrator (with potential support from a third-party engineer reviewer) could also help with tracking and supporting analysis around this issue.

Potential Scenario Not Included in Staff Report

While the Solar Parties recognize and appreciate PacifiCorp and Staff's concerns with potential transmission upgrade requirements, we maintain additional concern relating to the potential risks to not only the project but also participants and program more generally with regards to the proposed process around a conditional designated network resource (conditional DNR).

⁹ Staff Redline and Topic List, March 19 Workshop (3/17/2020).

<https://edocs.puc.state.or.us/efdocs/HAH/um1930hah165449.pdf>

¹⁰ Staff Report (3/30/2020). See pg. 16. <https://edocs.puc.state.or.us/efdocs/HAU/um1930hau17448.pdf>

¹¹ Oregon PUC (11/8/2020) Order 19-392. <https://apps.puc.state.or.us/orders/2019ords/19-392.pdf>

The Solar Parties raised related concerns in comments submitted on January 15¹² and March 11¹³. Notably, Staff's March 30 report acknowledged our March 11 input, but did not accurately capture the specific concern we were raising.

The Staff Report described a process that would be used for a project that was identified to have potential network resource upgrade requirements based on the results of the "informational network resources" portion of the system impact study. In this case, Staff suggests that the Program Administrator could recommend the project (assuming it opted to apply into the program) be eligible for "conditional pre-certification". Doing so would prevent the project from moving forward with subscribing customers, and therefore exposing customers to an apparent increased risk in project viability.

That said, the Solar Parties highlight a different scenario, whereby the "informational network resource" study does not identify network upgrades. For example, assume a project does the following:

- 1) Obtains a completed energy resource (ER) system impact study (SIS) which includes an "informational" network resource study that does not anticipate deliverability needs;
- 2) Then the project moves forward with becoming pre-certified in the program;
- 3) Followed by obtaining subscribers;
- 4) In parallel to obtaining an interconnection agreement and then executed purchase agreement; and
- 5) Only to then learn through a Transmission Service Request (TSR) that the project has triggered major network upgrade needs of which the Commission is unwilling to allow ratepayers to cover.

In the above case, the project manager would appear to have been cleared during the system impact study phase, then spent significant capital and resources in completing the interconnection process and obtaining subscribers only to find out several months after being pre-certified that the project is no longer viable. The result would not only be a major financial hit for the project manager represent a major risk for investors, but also create a bad experience for customers and black eye for the program.

Potential Solutions to Mitigate Risk for Projects, Participants, and Program

The Solar Parties offer at least a couple different potential solutions that would help mitigate the unknown risk associated transmission-related upgrades being triggered by community solar projects.

Potential Solution #1

The Solar Parties offered the following potential solution in our March 11 comments. In essence, if no or minimal network upgrades are identified during the "informational" network resource system impact study, then the project should be relieved of any potential deliverability network upgrade costs that might be identified during the TSR. Therefore, the Commission would allow ratepayers to act as a backstop in the case where transmission upgrades are triggered during the TSR that were not identified during the study process. While some risk may remain for ratepayers, the project and program participants would be protected.

¹² OSEIA-CCSA Comments (1/15/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac164436.pdf>

¹³ OSEIA-CCSA Comments (3/11/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac17150.pdf>

Potential Solution #2

The Coalition described another approach, which would actually limit risk for all parties.¹⁴ In that approach, the purchase agreement could to be executed earlier in the development process, potentially even before the project has been pre-certified for those projects (so long as it was moving through the CSP interconnection queue). The Solar Parties understanding is that obtaining an executed PURPA PPA prior to obtaining an interconnection agreement is not uncommon in PGE territory, and it sounded like PacifiCorp was receptive to the basic idea during the March 19 workshop. Since the TSR is only requested following an executed purchase agreement, the purchase agreement could be executed as early as possible to provide a project and the program with clear expectations regarding whether or not the project triggers transmission-related network upgrades. If this can happen before the \$10,000 investment in a SIS that would clearly be optimal to save time and resources for all parties.

Points Needing Clarification

All that said, there are at least a couple points that the Solar Parties seek clarification which will help inform this discussion.

- Do Energy Resource projects always require a TSR? If not, it shouldn't be triggered for qualified CSP projects. If so, do those projects carry the cost burden of any upgrades identified?
- At what point in the development cycle can a purchase agreement be executed? Is this limited by the project's interconnection status, by the CSP Program Implementation Manual, or any other limitation?

The Solar Parties look forward to further discussion on this topic.

Respectfully submitted,

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¹⁴ Coalition Comments (4/3/2020). <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac163031.pdf>