



Oregon

Kate Brown, Governor

Public Utility Commission

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August 26, 2020



BY EMAIL

PacifiCorp, dba Pacific Power

Cathie.allen@pacificcorp.com

RE: Advice No. 20-007

At the public meeting on August 25, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1139. The Staff Report, a receipted copy of the sheets in your advice filing, and a signed LSN are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 25, 2020

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: August 17, 2020

TO: Public Utility Commission

FROM: Kacia Brockman

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

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket Nos. UM 1930, ADV 1144/Advice No. 20-07, ADV 1145/Advice No. 20-16, and ADV 1139/Advice No. 20-007)
Community Solar Program Combined Tariff Filings on Program Customer Participation.

STAFF RECOMMENDATION:

Staff recommends the Commission:

1. Approve three tariff advice filings:
 - a. Second Supplemental Idaho Power Company (IPC) Advice No. 20-07, Schedule 101 Community Solar Program (Optional);
 - b. PacifiCorp (PAC) Advice No. 20-007, Schedule 127 Community Solar Program – Optional for Qualifying Customers; and
 - c. Portland General Electric (PGE) Second Supplemental Filing of Advice No. 20-16, Schedule 17 Community Solar – Optional
2. Approve IPC's, PAC's, and PGE's request that their Advice Filings become effective with less than statutory notice.

DISCUSSION:

Issue

Whether the Commission should approve each of the utilities' advice filings revising tariffs concerning the Community Solar Program by adding a schedule with the terms under which qualifying customers may participate in the CSP. Whether the Commission

should approve the utilities' request that the changes go into effect with less than 30 days' statutory notice.

Applicable Rule or Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission.

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.

ORS 757.220 authorizes the commission, for good cause shown, to allow changes to a utility's tariff without requiring the 30 days' notice of the filing.

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 a community solar energy system.

ORS 757.386(7)(d) specifies that CSP participants bear ongoing costs incurred during the continued administration of the program.

ORS 757.386(7)(c) provides all start-up costs prudently incurred during the development or modification of the program established under this section are recoverable in the rates of an electric company.

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 Community Solar Program Implementation Manual (PIM) and the program policies and procedures therein.

OAR 860-088-0160 instructs that the recovery of ongoing costs associated with the program administrator and low-income facilitator to be collected from participants.

OAR 860-088-0120(3) directs electric companies to develop and obtain Commission approval of an on-bill payment model that assesses and remits CSP participation fees on the CSP participant's electricity bill.

OAR 860-088-0120(4) requires electric companies to obtain Commission approval of any applicable tariffs required by the CSP rules.

OAR 860-022-0025 requires that filings revising tariffs include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

Analysis

Background

The electric companies submitted advice filings pursuant to OAR 860-088-0120(4), ORS 757.205, ORS 757.210, and OAR 860-022-0025. Initially, all three utilities made their filings on or prior to July 2, 2020, and requested an effective date of July 29, 2020. All three utilities filed two supplemental filings at Staff's request addressing issues identified by Staff and to allow more time for review. IPC filed its Second Supplemental Advice No. 20-07 on August 10, 2020; PAC filed its second supplement to Advice No. 20-007 on August 11, 2020; and PGE filed its Second Supplemental Advice No. 20-16 on August 7, 2020. All three filings now have effective dates of August 26, 2020.

Each utility's Advice Filing establishes a new rate schedule that defines the relationship between the utility and CSP participants (CSP rate schedule). These filings include the bill credits and the utility and administrative fees that CSP participants will see on their electricity bills. The CSP rate schedules supplement, but do not supersede, the CSP rules, procedures, and participation requirements set forth in the PIM.

The Advice Filings result from agreements reached between Staff, the utilities, and the Project Administrator (PA) during weekly CSP design and development meetings since March 2019. Staff appreciates the PA's and utilities' participation in this lengthy, collaborative effort to establish the terms of participation in the CSP, and to design and implement a monthly data exchange between the PA and utilities that will allow the utilities to provide on-bill transactions for CSP participants.

Utility Billing of Participants

The on-bill CSP transactions described in the CSP rate schedules include both credits to and payments from the CSP participant. The utilities must credit the CSP participant's monthly electric bill for the monthly electricity generated by the participant's share of the CSP project and deduct fees approved by the Commission.¹

In Order No. 19-392, the Commission adopted a per-kWh bill credit rate for each utility equal to that utility's retail residential rate.² Each utility's bill credit rate appears in that

¹ OAR 860-088-0120(2)-(3).

² Commission Order No. 19-392, at 3, Nov. 8, 2019.

utility's CSP rate schedule and is applicable only to the interim tier of projects.³ Table 1, below, lists the bill credit rates for each utility.

Table 1. Bill credit rate amounts by utility for the Interim Tier.

Utility	Bill credit rate (\$/kWh)
IPC	\$0.08480
PAC	\$0.09770
PGE	\$0.11234

The fees the utilities must deduct from CSP participants' bills are 1) subscription fees owed by the participant to the Project Manager; 2) program administration fees owed by the participant to the Program Administrator; and, 3) additional fees collectible from participants by Commission order, such as the utility administration fee.⁴ These fees are explained in greater detail below.

- 1) **The subscription fee** is the means by which the Project Manager recovers its capital and operating costs from participants in its Community Solar Project with a reasonable rate of return. The fee amount is set by the Project Manager and varies by project. The subscription fee amount for each project is published and visible to prospective CSP participants on the CSP website under the project details. The utility's collection of the subscription fee is described in the utility's CSP rate schedule, but the amount of the subscription fee is not listed in the CSP rate schedule.
- 2) **The program administration fee** covers ongoing program implementation costs of the PA and Low Income Facilitator (LIF). In Order No. 19-392, the Commission set the program administration fee at \$0.85/kW-month for participants in the initial program capacity tier. This program administration fee appears in each utility CSP rate schedule.
- 3) **The utility administration fee** is the mechanism for a utility to cover its costs to facilitate the CSP. The utility administration fee is a per-kW-month amount determined by the utility. This fee is described in more detail in the next section. The utility administration fee is included in the utility's CSP rate schedule and is subject to Commission approval as part of the utility's tariff filing.

³ *Id.*, at 4. The interim capacity tier is set at 50 percent of the initial program capacity tier for PAC and PGE, and at 100 percent of the initial program capacity tier for IPC. OAR 860-088-0060(2) states: "The initial program capacity tier for each electric company is equal to 2.5 percent of the electric company's 2016 system peak." The CSP initial program capacity in MW for each electric company is shown in Table 2.

⁴ OAR 860-088-0120(3).

Utility Administration Fee Amounts

To establish the utility administration fee amounts, in November 2019 Staff asked each utility to develop a categorized estimate of the annual ongoing costs it would incur to implement the CSP. These ongoing costs include, for example, IT and billing support, customer service support and training, finance and accounting activities, and corporate communications.⁵ Staff reviewed those costs with Staff from the Energy Rates and Finance Division and determined that the estimated costs were reasonable and similar to utility costs presented in other dockets.

The utilities, Staff, and PA then agreed to convert these annual cost estimates to a \$/kW-month utility administration fee that matches the structure of the program administration fee.⁶ Each utility calculates their utility administration fee separately. At Staff's and the PA's request, the utilities set their utility fees at a level that will fully reimburse the utilities' ongoing costs once the program has fully subscribed its initial capacity allocation of 161 MW. Following the same structure as the program administration fee, Staff recommends that, prior to full program subscription, the uncovered portion of the utility administration costs be treated as start-up costs and be recoverable from non-participating ratepayers.

The utility administration fee calculation assumes that 1) 10 percent of the program capacity will be subscribed by low-income customers who are exempt from these fees;⁷ and 2) 90 percent of the program capacity will be subscribed by non-low-income participants from whom the fees will be collected in proportion to the participant's share of capacity. The amount of each utility's administration fee was calculated by converting the utility's annual costs to monthly costs and dividing by the 90 percent of program capacity expected to be subscribed by fee-paying participants.

The utilities' estimated utility administration fees were posted to the CSP website in December 2019 to help Project Managers assess the economic viability of their prospective CSP projects.⁸ In August 2020, Staff asked the utilities to review their initial estimated ongoing costs and update them as appropriate. After reviewing their original estimated costs, IPC reduced its costs by more than half, PAC lowered its costs by more than 15 percent, and PGE determined that its original cost estimate is still accurate and did not make any adjustments.

⁵ *In the Matter of Public Utility Commission of Oregon, Community Solar Program Implementation* (UM 1930), Order No. 19-392 (The Commission requires the utilities to send at least one communication per year that informs all customers of the CSP opportunity and directs customers to 1) the list of available projects on the CSP website, and 2) the PA's contact information.)

⁶ *Id.*

⁷ *Id.*

⁸ ORCSP Website, <https://www.oregoncsp.org/>, Project Managers, Project Manager Resources, "Billing and Payments Guide for Project Managers" at 1.

Table 2 below summarizes for each utility the utility’s program capacity in MW, updated estimated annual costs, and the resulting utility administration fees. Staff finds that the utility administrative fee amount presented in each utility’s tariff is an accurate estimate of each utility’s costs of administering the CSP.

Table 2. Calculated utility administration fees.

Utility	CSP initial program capacity tier (MW)	90% of total CSP capacity (MW)	Estimated annual ongoing utility administrative cost	Resulting utility administration fee (\$/kW-month)
IPC	3.28	2.95	\$16,900	\$0.48
PAC	64.6	58.14	\$158,426	\$0.23
PGE	93.15	83.84	\$110,500	\$0.11

Use of Ratepayer Funds to Cover Utility Administration Fees

The decision whether it is appropriate to establish utility administrative fees at a level that could shift costs from CSP participants to ratepayers in this case is similar to the Commission’s decision in Order No. 19-392 in this docket. Order No. 19-392 includes two decisions that shifted some program costs to non-participants in order to incentivize program participation and support successful program launch.

1. It establishes the bill credit rate for the designated interim tier at current residential retail electricity rates instead of the resource value of solar. This results in a higher credit for the CSP participant.⁹
2. It establishes program fees based on full subscription of the program’s initial capacity tier instead of the interim capacity tier opened at program launch. This results in a lower fee for the CSP participant.¹⁰

The Commission stated that its decision in Order No. 19-392 “represents a balance that must occur between the two primary requirements of CSP implementation. The first is incentivizing customer participation.” The second is “minimizing cost-shifting to non-participants.”¹¹

Staff believes the proposed utility fees also strike the balance between incentivizing participation and minimizing cost shifting.

⁹ Commission Order No. 19-392, at 3.

¹⁰ *Id.*, at 3.

¹¹ *Id.*, at 2.

If the Commission approves the utility fees proposed by the utilities, PGE and PacifiCorp have a deferral and balancing account mechanism in place that will allow them to defer the variance between their annual costs and amounts collected annually from participants and recover the variance through an automatic adjustment mechanism. IPC does not have such a mechanism, but notes in its Advice Filing that prior to incurring any ongoing administration costs, the Company will request approval of a balancing account mechanism in a future filing to track actual ongoing utility administration costs and the amount recovered from participants.¹²

Conclusion

Staff finds that the CSP rate schedules filed by IPC, PAC, and PGE are accurate and contain all the elements necessary to define the utility-customer relationship for CSP participants. Staff finds that the utility administration fee amount proposed by each utility in its CSP rate schedule is reasonable. Staff also finds there is good cause to waive the requirement in ORS 757.220 that a utility provide the Commission thirty days' notice before a tariff is allowed to become effective. As noted above, the utilities made changes to their Advice Filings to address Staff's concerns. Staff believes it is important that they become effective soon for participants in the CSP. Accordingly, Staff recommends Commission approval of the advice filings of IPC, PAC, and PGE with less than statutory notice.

PROPOSED COMMISSION MOTION:

The Commission should:

1. Approve the IPC, PGE, and PAC advice filings establishing the terms under which qualifying customers may participate in the CSP; and
2. Approve the request to allow these filings to become effective with less than statutory notice.

¹² Idaho Power Company 2nd Supplemental Tariff Advice No. 20-07, p. 1.

COMMUNITY SOLAR PROGRAM
OPTIONAL FOR QUALIFYING CUSTOMERS

Available

In all territory served by Company in Oregon.

Applicable

To consumers who participate as Participants in an eligible Project under the Community Solar Program. All consumers receiving service under Schedule 201 are eligible to participate, except those receiving service under Schedules 15, 50, 51, 52, and 53. This Schedule is offered in compliance with ORS 757.386, OAR 860-088-0005 through 860-088-0190, and the Program Implementation Manual.

Definitions

Annual Billing Period means the period beginning on the first day of the April billing month and running through the close of the March billing month, unless the Company and Project Manager agree otherwise.

Bill Credit Rate is the rate, reflected as a dollars per kilowatt-hour value, at which the Company will provide credits to a Participant for the energy produced by their Participation Interest in a Project. The Oregon Public Utility Commission will assign a Bill Credit Rate to each Project at the time of Project pre-certification. A Project's Bill Credit Rate will remain fixed for the term of the CSP Purchase Agreement.

CSP Purchase Agreement means the power purchase agreement between Company and Project Manager as described in the Company's Schedule 126.

Low-Income Participant means a Participant that meets the low-income requirements set forth in the Program Implementation Manual, as identified by the Project Manager and verified by the Low-Income Facilitator.

Participant means an owner or subscriber of a Project as those terms are defined in OAR 860-088-0010(6) and (15).

Participation Interest means a Participant's proportional share of a Project, defined on a capacity basis.

Program Administrator means the third-party entity directed by the Commission to administer the Community Solar Program.

Program Administrator Fee means the fee that the Company collects on each Participant's utility bill to fund the Program Administrator and Low-Income Facilitator, in accordance with OAR 860-088-0120(3)(b).

Program Fees are fees that the Company collects on each Participant's utility bill to fund the administration of the Community Solar Program in accordance with OAR 860-088-0160(2) and the Program Implementation Manual. Low-Income Participants are not subject to Program Fees. Program Fees include a Program Administrator Fee and a Utility Administration Fee. Program Fees, expressed in terms of \$/kW/month, are subject to Commission approval and adjusted annually.

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(N)

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Definitions (continued)

Program Implementation Manual means the set of guidelines and requirements for implementing the Community Solar Program adopted by the Commission in Order 19-438, as may be periodically amended.

Project means a solar photovoltaic energy facility used to generate electric energy on behalf of Participants and for which Participants receive credit on their electric bills as provided in OAR Chapter 860, Division 88, and the Program Implementation Manual.

Project Manager is the entity having responsibility for managing the operation of a Project, as defined in ORS 757.386(1)d).

Utility Fee means the fee that the Company collects on each Participant's utility bill to fund the Company's administration of the Community Solar Program, in accordance with OAR 860-088-0160(2).

Billing

Bill Credit. The Company will apply a credit to each Participant's monthly utility bill in accordance with the process and calculations set forth in ORS 757.386(6), OAR 860-088-0170, and the Program Implementation Manual. Bill credits will be applied to offset utility charges, Participation Fees, and Program Fees. The Program Administrator will calculate the value of a bill credit based on the Participant's share in the total Project generation multiplied by the Project's Bill Credit Rate.

Bill Credit Rate. The Oregon Public Utility Commission will establish a Project's Bill Credit Rate at the time of Project pre-certification. The Commission has adopted the following Bill Credit Rates based on the capacity of pre-certified projects to come online in the Company's Service Territory:

- 1) \$0.0977/ kWh – applies to first 32.3 MW in the Company's service territory

Participation Fees. The Company will apply ownership or subscription fees, if applicable, to each Participant's utility bill in the amounts determined by the Program Administrator. Ownership or subscription fees will be based on the terms of each Participant's agreement with the Project Manager.

Program Fees. The Company will apply Program Fees, if applicable, to each Participant's utility bill. Program Fees will be based on each Participant's Participation Interest in the Project. Program Fees will consist of a Program Administrator Fee and a Utility Fee. Program Fees may be subject to an annual adjustment, and are currently set at the following amounts:

Program Administrator Fee:	\$0.85 /kW/month
Utility Fee:	\$0.20 /kW/month
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Program Fees (total):	\$1.05 /kW/month

(continued)

Billing (continued)

Excess Credit. If a Participant accrues Bill Credits that exceed the eligible expenses on their monthly utility bill, the excess Bill Credit amount will be carried forward and applied to the Participant's subsequent utility bills. In accordance with the Program Implementation Manual, a Participant may not cash out carryover Bill Credit amounts.

Annual Bill Credit Reconciliation. Under OAR 860-088-0090(2) and OAR 860-088-0170(4), a Participant is not permitted to receive Bill Credits for more energy than they consume on an annual basis. If a Participant's Participation Interest in a Project generates more energy than their annual usage, the Company will apply a reconciliation charge to the Participant's next monthly bill based on calculations performed by the Program Administrator and in accordance with the process set forth in the Program Implementation Manual. A Participant's annual excess generation will be calculated based on the Participant's usage and their share of Project generation during the Annual Billing Period.

Timing. In accordance with the Program Implementation Manual, the Company will post a Participant's Bill Credits to their account on the ninth calendar day of each month, unless the ninth calendar day is a Sunday or holiday, in which case Bill Credits will post on the following calendar day. If a Participant's billing period ends after the ninth of the month, their bill will reflect their Bill Credits for the previous month. If a Participant's billing period ends before or on the ninth of the month, their bill will reflect a one-month lag in the application of Bill Credits.

Nonpayment and Underpayment. In accordance with the Program Implementation Manual, the Company will recover any unpaid Participation or Program Fees on the Participant's next monthly utility bill. At the direction of the Program Administrator, the Company will suspend the application of Bill Credits or terminate a Participant's Participation Interest for failure to pay Participation and Program Fees in full.

Utility Disconnection. If the Company disconnects a Participant's utility service temporarily, the Company will apply the Bill Credits, Participation Fees and Program that accrue during the period of disconnection to the Participant's next monthly utility bill, in accordance with the Program Implementation Manual. Depending on the terms agreed to between a Participant and the Project Manager, utility disconnection may result in the early termination of a Participant's Participation Interest.

Special Conditions

Portability. A Participant may retain their Participation Interest in a Project if they relocate to another site within the Company's Service Territory in accordance with the terms of the Program Implementation Manual and, if applicable, their agreement with the Project Manager.

Transferability. A Participant may transfer their Participation Interest in a Project to another eligible customer of their choosing in accordance with the terms of the Program Implementation Manual and, if applicable, their agreement with the Project Manager. Any fees assessed by the Project Manager for the transfer of a Participant's Participation Interest will not be reflected on the Participant's utility bill. When a Participant transfers their Participation Interest to another customer, the Company will continue to apply any Excess Credit amounts to the Participant's utility bill.

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Special Conditions (continued)

Transferability (continued)

If the Participant terminates utility service with the Company, the Company will donate any Excess Credit amounts associated with the Participant's Participation Interest to the Company's low-income program.

Changes. A Participant may change the size of their Participation Interest in accordance with the terms of the Program Implementation Manual and, if applicable, their agreement with the Project Manager. Any fees assessed by the Project Manager to change the size of a Participant's Participation Interest will not be reflected on the Participant's utility bill. Low-Income Participants are not subject to change fees.

Early Termination. A Participant or a Project Manager may terminate a Participant's Participation Interest before the end of their contract term, in accordance with the terms of the Program Implementation Manual, and, if applicable, their agreement with the Project Manager. Any early termination fees assessed by the Project Manager will not be reflected on the Participant's utility bill. When a Participant or Project Manager terminates a Participant's Participation Interest, the Company will donate any Excess Credit amounts associated with the Participant's Participation Interest to the Company's low-income program in accordance with the process described in the Program Implementation Manual.

Completion. A Participant's Participation Interest is complete when the Company applies the final Bill Credit amounts to the Participant's monthly utility bill and the Company completes the final Annual Bill Credit Reconciliation.

Term. This Schedule will apply for the term agreed to between a Participant and the Project Manager, not to extend beyond the end date of the Annual Billing Period following the termination of the Project Manager's CSP Purchase Agreement.

(N)

(N)

LESS THAN STATUTORY NOTICE APPLICATION

ADV 1139

This document may be electronically filed by sending it as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us.

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IN THE MATTER OF THE APPLICATION OF PacifiCorp d/b/a Pacific Power _____ (UTILITY COMPANY) TO WAIVE STATUTORY NOTICE.)))))	UTILITY L.S.N. APPLICATION NO. <u>2265</u> _____ (LEAVE BLANK)
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NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)
 PacifiCorp is proposing to establish a new tariff, Schedule 127, for the Community Solar Program. After further guidance from Commission staff, PacifiCorp is refiling the tariff to update the Utility Fee and Program Fees reflected on page 2 of Schedule 127.

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)
 NA

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE AND ITEM)
 Original Sheet No. 127-1, Schedule 127, Community Solar Program Optional for Qualifying Customers, Page 1
 Original Sheet No. 127-2, Schedule 127, Community Solar Program Optional for Qualifying Customers, Page 2
 Original Sheet No. 127-3, Schedule 127, Community Solar Program Optional for Qualifying Customers, Page 3
 Original Sheet No. 127-4, Schedule 127, Community Solar Program Optional for Qualifying Customers, Page 4

Note that this supplemental filing only reflects changes to Sheet No. 127-2. Sheet Nos. 127-1, 127-3, and 127-4 were previously submitted on August 11.

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:
 After further guidance from Commission staff, PacifiCorp has modified the Utility Fee and Program Fees reflected on page 2 of proposed Schedule 127. The revised tariff is being filed with Less than Statutory Notice to ensure the tariff sheet can become effective soon for participants in the Community Solar Program.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): August 26, 2020

. AUTHORIZED SIGNATURE	TITLE Vice President, Regulation	DATE August 21, 2020
PUC USE ONLY		
<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DENIED	EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE August 26, 2020	
AUTHORIZED SIGNATURE	DATE 08/25/2020	