

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 1, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE April 1, 2014

DATE: March 21, 2014

TO: Public Utility Commission

FROM: Adam Bless *AB*

THROUGH: Jason Eisdorfer, Maury Galbraith and Aster Adams
E *MG* *aa*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1538) Request by Edgewood Ranch for a waiver of the 12-month solar photovoltaic system installation requirement pursuant to OAR 860-084-0210(1).

STAFF RECOMMENDATION:

I recommend the Commission grant the request by Edgewood Ranch (Edgewood) to extend the 12-month deadline to install a solar photovoltaic system (SPV) under the PacifiCorp Solar Incentive Program by four months, to August 11, 2014.

DISCUSSION:

Issue

Edgewood requests a waiver of the 12-month deadline for installation of a solar photovoltaic system (SPV) under the PacifiCorp Solar Incentive Program. The project was enrolled in the program in April 2013, with an installation deadline of April 11, 2014. Edgewood requests a four-month extension, to August 11, 2014.

Rule

The applicable rule is OAR 860-084-0210(1), which states that a capacity reservation expires if the system has not been installed within 12 months of the reservation start date, unless a waiver is granted under OAR 860-084-0000(3). The evaluation criteria set forth in OAR 860-084-0000(3) for waiver of Division 84 rules is "good cause" shown. The Commission has discretion to determine what constitutes "good cause."

Analysis

Edgewood explains that they had originally arranged for financing through their long-time bank. In February 2014, that bank unexpectedly withdrew its loan approval, stating that they were no longer interested in financing solar. Edgewood is now working on a loan with the Oregon Department of Energy Small Energy Loan Program. Edgewood has completed two prior 10 kW projects without any delays. The project now under consideration is 97 kW.

In my review, I considered the applicant's circumstances and the effect that this decision would have on the pilot program and on PacifiCorp. The Commission has previously denied waivers for projects that did not have financing in place. The Commission has previously found that it expects applicants to arrange financing in time to assure timely completion. I considered the fact that Edgewood had a reasonable expectation that a loan from their regular bank would be approved, and the fact that the bank's decision in February 2014 to deny the loan was unexpected. I also considered supplemental information that Edgewood submitted on March 20, 2014, explaining why the project is important to the ranch's business. Despite these factors, granting this waiver based solely on Edgewood's financing difficulty would be a more lenient policy than the Commission has applied in previous cases.

However, I also considered the effect of the Commission's decision on the pilot program. If the Commission denies the waiver, then 97 kW of medium size capacity will be undeveloped, late in the program. This is a significant fraction of PacifiCorp's remaining allocation in this program. PacifiCorp does not have time to include this capacity in the April 2014 reservation window. PacifiCorp will be obliged to offer this capacity in a future "cleanup" window. The pilot program will close in March 2016, which leaves little time for future cleanup windows. There is no guarantee that the winning bidder in a future window will complete a project by 2016.

If the Commission approves the waiver, there is a reasonable likelihood that Edgewood will complete the project. This is supported by Edgewood's track record of completing two previous projects on time. If Edgewood fails to complete the project by the new deadline, PacifiCorp can still offer the capacity in a future "cleanup" window, and is no worse off than if the waiver is denied now. Granting the waiver now gives an opportunity for PacifiCorp to complete its allocation from the 27.5 MW capacity target set by statute.

Conclusion and Recommendation

Granting the waiver gives the greater chance to meet the program's statutory capacity target. Edgewood's previous track record gives some assurance that it will finish the project with a new deadline. For these reasons, I recommend granting the new deadline of August 11, 2014.

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PROPOSED COMMISSION MOTION:

The request by Edgewood to waive the 12-month installation requirement for the SPV system under PacifiCorp's Solar Incentive Program be granted and the deadline extended to August 11, 2014.