



**May 23, 2014**

Adam Bless  
Public Utility Commission of Oregon  
3930 Fairview Industrial Dr. SE  
Salem, Oregon 97302-1166

**RE: Comments on Draft Report on Effectiveness of Solar Programs in Oregon**

The Alliance for Solar Choice (“TASC”) respectfully submits the following comments on the Commission’s Draft Report into the Investigation into the Effectiveness of Solar Programs in Oregon (the “Draft Report”). TASC advocates for maintaining successful distributed solar energy policies that expand consumer choice in energy supply. Its members represent the majority of the nation’s rooftop solar market and include SolarCity, Sungevity, Sunrun, Verengo Solar, Demeter Power Group, and Solar Universe. These companies are responsible for tens of thousands of residential, school, church, government and commercial solar installations in the United States.

TASC thanks Commission Staff for their work in preparing Draft Report and is grateful for the opportunity to comment on the Draft Report. As directed by HB 2893, the Draft Report seeks to:

- a) Investigate the resource value of solar energy,
- b) Investigate the costs and benefits of the existing solar incentive programs,
- c) Forecast future costs for solar energy systems,
- d) Identify barriers to the development of solar energy systems, and
- e) Recommend new programs or program modifications that encourage solar energy development in a way that is cost effective and protects ratepayers.

TASC has organized its comments around the seven chapters contained in the Draft Report.

**I. Introduction**

TASC provides no comments on this section of the Draft Report.

**II. Solar Development in Oregon**

As an overarching concern, the Draft Report lumps together very different policies under the rubric of “incentives.” Direct incentives, such as cash rebates offered through the Energy Trust of Oregon (ETO) and tax credits offered through the Oregon Department of Revenue, are deserving of this characterization, as is the state feed-in tariff program that provides direct payments to customers participating in that program.

By comparison, state renewable energy policies that do not provide direct payments to customers, such as net metering, the Oregon Renewable Portfolio Standard (RPS) and the Solar Capacity Standard, are not incentive programs. Net metering is a billing mechanism whose economics are largely driven by retail rate design. The Draft Report acknowledges as much in footnote 39 on page 38. We address this issue further in our comments below.

Likewise, policies like the state RPS and Solar Capacity Standard, which strive to promote resource diversification, do not seem well suited to being characterized as incentives. In fact, page 25 of the Draft Report excludes the state RPS from an evaluation of solar programs “because no solar facilities in operation were installed specifically as a result of this statute.” This proves that the RPS is not well characterized as an incentive program for solar.

The introduction to the Draft Report identifies House Bill 2893 (2013) as the impetus for the Draft Report. It states that House Bill 2893 directs the Oregon Public Utility Commission to “study the effectiveness of the state’s solar energy incentive programs and report to the Legislature on its findings.” TASC is concerned that lumping very different programs together necessarily leads to an analysis that seems to offer an apples-to-oranges comparison that does not achieve the Legislature’s objectives. For example, TASC questions whether the inclusion of federal tax credits and the federal Public Utility Regulatory Policies Act (PURPA) are appropriately subsumed into a report that the Legislature intended to focus on “the state’s solar energy incentive programs.”

TASC believes that the report would be more valuable to the Legislature if it focuses on Oregon’s direct incentive programs, i.e. ETO cash rebates, state tax credits, and the state feed-in tariff. These incentive programs lend themselves more naturally to direct comparison. State programs that do not provide direct cash incentives are deserving of inclusion, but are best separated into a section that discusses state policies that promote resource diversification and consumer self-generation.

Finally, although federal policy is important to understanding renewable energy development in Oregon, TASC believes federal policies are outside the scope of a report that is intended to focus on state policy. A section discussing federal policy is important, but a discrete section or subsection is sufficient to helping the Legislature understand how federal policy impacts renewable development in Oregon.

### *Solar Energy Basics*

This section of the Introduction contains a sentence that requires modification:

“Utilities must have resources at the ready to ramp up and down with the varying solar generation.”

This sentence provides a misleading characterization of current utility operations and should be modified. The Draft Report acknowledges that installed solar capacity in the

state currently accounts for less than 1% of the state's peak generating capacity. Accordingly, the Draft Report acknowledges that the Commission recently directed utilities not to consider integration costs in determining solar avoided costs (page 23: "The Commission required that utilities not include an estimate of the costs of integrating solar because of the low level of development.")

Thus, it is misleading to suggest that at current penetration levels utilities "must have resources at the ready to ramp up and down with varying solar generation." Perhaps in the distant future, if Oregon continues to support solar energy development, that may be the case. It is not however the case today, and the statement in the Draft Report to the contrary should be removed so as to not inadvertently mislead the Legislature.

### *Trends in Solar Development*

The second sentence of this section states: "After 2003, the number of solar installations increased largely due to net metering, ETO incentives, and tax credits." The Draft Report contains a considerable discussion of the importance of solar hard and soft cost reductions in expanding consumer access to solar. We do not imply that state policies are not important, but we do believe that cost reductions should be added to the list of factors identified at the outset of this section as promoting increased adoption of solar in Oregon.

Importantly, Figures 1 and 2 in this section, which show the Cumulative Number of Solar Installations in Oregon and Total Solar Capacity in Oregon respectively, show a decline in year-over-year growth from 2012 to 2013 as compared to 2011 to 2012. Given that the Legislature has expressed an interest in understanding barriers to the development of solar energy systems and the encouragement of solar energy development, TASC believes last year's reduction in year-over-year growth requires some explanation. The Draft Report does not currently offer any insight for the Legislature into a trend that seems contrary to what the Legislature is attempting to promote. TASC believes such a discussion should be offered along with suggestions on how this trend may be reversed.

### *Role of Third Party Solar Companies*

Although TASC generally agrees with the discussion in this section, the following sentence would benefit from refinement: "Using federal and state incentives, the third party companies can price solar energy contracts at or below the utility's retail rate."

Customers that install onsite solar for self-generation purposes are primarily motivated to do so to obtain energy cost savings. As such, third party solar companies are largely confined to states in which they can offer customers energy cost savings. Accordingly, TASC suggests that the above-quoted statement be revised to state: "Third party companies are largely confined to states in which state and federal incentives can be aggregated at a sufficient level to provide customers with electricity cost savings compared to utility retail rates."

Third party financing allows end use customers, who may not have the tax appetite or ability to take advantage of federal tax incentives, to benefit from those incentive through a reduced lease payment. However, in order for a third party system to be attractive to consumers, they must be able to offer customers savings relative to their utility rate. Doing that depends on the ability and opportunity for third-party companies to effectively monetize federal tax incentives as well as participate in state or local rebate programs. The suggested modification conveys that if state incentives do not allow third party companies to offer customers a cost savings, Oregon customers will have the benefit of third party solar offerings.

### **III. Solar Programs**

This section begins with a list of what are introduced as solar PV incentives offered by Oregon. Yet, as we discuss in the comments above, the list of policies that follows contains a number of items that are not aptly described as “incentives” (net metering, the state RPS, and the Solar Capacity Standard) and a couple that are not aptly described as Oregon policies (PURPA and federal tax incentives). In keeping with our recommendations above, we respectfully suggest that the apples among this list be discussed in a section focused on apples and the oranges by placed in a section that focuses on oranges.

#### *Net Metering*

This section provides a misleading characterization of the net metering billing mechanism. It states: “Effectively, the customer is paid the retail rate for the power generated by the solar photovoltaic system and offset by their own usage.” NEM is better described as a crediting mechanism under which customers receive a bill credit for energy exported to the grid during periods when their solar energy system produces more energy than can be consumed on site.

In footnote 39 on page 38, the Draft Report acknowledges that retail rates contain different rate components, only some of which may be offset by onsite solar generation. Likewise, the value of net metering bill credits varies greatly depending on retail rate design. For example, customers on retail rates with a demand charge component do not receive a credit that contains the demand charge portion of the rate and instead only receive a credit equal to the volumetric portion of the total retail rate paid by the customer.

Accordingly, TASC believes it would be more accurate to state: “Effectively, the customer receives a bill credit for energy exported to the grid during those periods when the solar energy system produces more energy than can be consumed onsite. The value of this credit is equal to the volumetric (or kWh-denominated) portion of the retail rate under which the customer receives service from the interconnected utility.”

TASC also suggests that the net metering discussion conclude by identifying the solar capacity that has been installed under the state’s net metering policy. The subsequent

sections, which focus on other policy mechanisms, each conclude by stating how much capacity was spurred by the respective policy mechanism. That information is missing, however, from the net metering discussion and should be added.

#### *Value of Solar Tariff*

TASC has been an active participant in the Minnesota Public Utility Commission rulemaking referenced in this section. We believe there are a number of inaccuracies in the description of that proceeding. First, the description states: “The Minnesota PUC recently approved a tariff patterned on the Austin, Texas example.” In actuality, the Minnesota PUC proceeding has focused on implementing state legislation that directed the Minnesota Department of Commerce to develop a methodology to determine the value of distributed solar. The Minnesota PUC recently adopted the methodology developed by the Department of Commerce. However, at the time these comments were filed, no utility has yet moved to use this methodology to develop an actual tariff.

Second, the Draft Report states: “The Value of Solar Tariff is an alternative to net metering.” TASC has raised legal issues in Minnesota regarding whether the Value of Solar Tariff may serve as an alternative or replacement to net metering. The Minnesota PUC has determined that it will allow parties in the proceeding to submit legal briefs on the issues TASC raised, so this issue has not yet been resolved and at this time it is not accurate to state that “The Value of Solar Tariff is an alternative to net metering.”

Third, the Draft Report states that the Value of Solar Tariff is “based on an estimate of the value of the solar electricity to the utility, its customers, and society.” However, it is important to note that a value of solar tariff has not been implemented in Minnesota. Northern States Power Company, an affiliate of Xcel Energy, has disputed the methodology approved by the Public Utility Commission, raising concerns that the methodology overvalues distributed solar. Thus, although a methodology has been approved in Minnesota to value distributed solar energy, no value of solar tariff has been implemented that reflects the methodology approved by the Minnesota Commission.

In light of the number of unresolved issues in Minnesota regarding the implementation of that state’s legislation, and the unresolved legal and policy issues raised by TASC and Northern States Power Company, TASC believes that it is premature to include a discussion of Minnesota’s value of solar methodology in the Draft Report. At the very least, the inaccurate characterization of the Minnesota proceeding should be corrected.

#### **IV. Solar PV Cost Trends and Projections**

##### *Cost of Solar Compared to Other Resources*

TASC finds the information provided in this section of the Draft Report, including Figures 7 and 8 on the Installation Costs of Utility Generation and Comparison of Levelized Cost of Energy from Utility Generation Sources respectively, to be highly misleading.

Most significantly, it is difficult to understand why residential and commercial solar PV systems are included in tables that purportedly represent installed cost of *utility* generation and the levelized cost of energy from *utility* generation sources. Residential and commercial PV resources are not utility resources. Residential and commercial PV systems deliver energy directly to customers via generating capacity directly located on a customer's premises. Accordingly, the need for transmission, distribution and ancillary services is greatly reduced compared to, for example, nuclear generation. Yet figures 7 and 8 attempt to draw comparisons between resources as disparate as nuclear generation and rooftop solar. Comparisons are out of scope of the report, which is supposed to be about assessing the efficacy of the solar development programs.

To the contrary, TASC is concerned that this comparison is more prejudicial than informative in helping the Legislature to understand "barriers to the development of solar energy systems" and "program modifications that encourage solar energy development in a way that is cost effective and protects ratepayers", which are the stated goals set forth at the beginning of the Draft Report.

TASC encourages the Commission to either remove this section or at the least remove residential and commercial PV from this discussion. TASC also encourages the Commission to clarify in the discussion in this section that the information provided compares utility-scale resources. The adjacent sections of the Draft Report focus on distributed solar resources, as does the bulk of the report, and so a failure to clearly articulate that the information in this section presents information on utility-scale resources that have a much greater reliance on the transmission and distribution system and the need for ancillary services may confuse the reader.

## **V. Resource Value of Solar**

A number of deficiencies in the Draft Report leave it less than fully illuminating regarding the resource value of solar. At the outset, it is not clear what the source is for the "hard" and "soft" benefits identified at the beginning of this section. The bulleted lists that are provided for each do not appear to be consistent with the discussion that follows. For example, "carbon and pollution reduction" are identified as societal benefits in the introduction, but are discussed separately from societal benefits and included in "environmental benefits" in the discussion that follows. Similarly, the introductory list of "soft" benefits includes "Value of distributed energy in preventing or recovering from blackouts" and "improved power quality," yet the discussion that follows does not specifically address these issues and instead focuses on "grid support services," including stability and reliability.

TASC encourages the Commission to a) explain the source relied upon for the identified "hard" and "soft" benefits in the introductory section, b) identify any categories of values that the Commission has decided to omit from these lists, including an explanation for excluding such values, and c) maintain consistency between these lists and the discussion that follows.

In the discussion that follows, the Draft Report highlights the range of values that have been found in various studies that have looked at the value of distributed solar. Unfortunately, this analysis fails to highlight two important considerations. First, the Draft Report fails to explain that the resource value of solar is utility-specific, meaning it depends on utility-specific variables such as the correlation between peak solar generation and peak load on the utility system and individual distribution circuits, the utility need for additional generating capacity, the utility need to procure specific types of resources relative to state RPS requirements, existing levels of variable generation on the utility system, and other utility-specific factors.

Ignoring these utility-specific considerations, the report focuses instead on the following sources of variation in studies from other jurisdictions:

“The wide range is driven by assumptions, methodologies, and decisions about which costs and benefits to quantify. No two studies are identical. For example, some studies reported levelized cost and benefit over 20 years; others used a 25 or 30 year life. The Arizona values are not levelized at all, but are a “snapshot” of value in the year 2025, discounted back to 2012. Different studies used different approaches to estimating avoided costs of energy, capacity, and transmission and distribution costs. Some states placed a dollar value on environmental and societal benefits; others did not. No two studies placed values on the same set of benefits.”

TASC agrees with the Draft Report that studies considering the resource value of solar differ for these reasons, but TASC believes this is only part of the picture and that utility-specific considerations are important as well, and in fact help explain variations in the cited studies. To understand the value of distributed solar in Oregon, the Commission should conduct its own analysis using Oregon-specific data. Reliance on a discussion of study results from other jurisdictions does little to help Oregon policy makers understand the value of distributed solar in Oregon.

However, the only Oregon-specific analysis regarding the resource value of solar seems to be the last row of Table 5.1, which presents a Summary of Nationwide Avoided Cost Study Results (per kWh). However, there is no explanation as to how the Oregon numbers in this table were derived. In the absence of any meaningful attempt to quantify the full range of benefits provided by distributed solar, the Draft Report lacks a foundation for many of the conclusions and recommendations that follow.

## **VI. Evaluation of Solar Programs**

This chapter of the Draft Report purports to compare the solar incentive programs described in Chapter 3, and evaluate them for cost effectiveness and impact on non-participating ratepayers. However, the analysis in this section underscores the difficulty of making a side-by-side comparison of very different policies.

For example, this section dismisses the state’s RPS from the analysis “because no solar facilities in operation were installed specifically as a result of this statute.” In addition, Table 6.1 regarding the Total Cost of Solar Energy provides no data on Qualifying Facilities under PURPA or facilities procured to meet the Solar Capacity Standard. The Draft Report states that the costs of these projects are not known, which undermines a direct comparison of these programs with others discussed in this section.

Likewise, Table 6.2 regarding the Cost of Incentive Programs provides no data on Qualifying Facilities under PURPA or projects procured to meet the Solar Capacity Standard. The explanation provided for the exclusion of Qualifying Facilities from this table is not entirely clear since these projects apparently received both tax credits and ETO rebates, the cost of which is not disclosed. The Solar Capacity Standard is also excluded from Table 6.2. The Draft Report says this is because “the Solar Capacity Standard is not an incentive but rather a legislative mandate.” Nevertheless, despite the fact that both tax credits and ETO rebates were provided for these projects, the cost to ratepayers is not disclosed making a direct comparison with the other policies that are discussed impossible.

Although QF and Solar Capacity Standard projects are not included in Table 6.2, the Draft Report concludes: “In summary, the feed-in-tariff pilot had higher impact on non-participating ratepayers than other programs, while the Solar Capacity Standard and QF projects had the least.” It is not clear how this conclusion was reached given the omission of Solar Capacity Standard and QF project data from Table 6.2.

These examples further demonstrate the need to structure the report to provide an apples-to-apples comparison of similar policies. Specifically, TASC believes this section of the report should focus on the cost of Oregon’s direct incentive programs, the ETO cash rebates, state tax credits, and the state feed-in tariff. These programs provide direct cash payments that lend themselves more naturally to direct comparison. Information regarding the types of installations facilitated with direct case incentives, e.g. residential net metering, commercial net metering, qualifying facility, Solar Capacity Standard may also be helpful to the Legislature, but the analysis of program costs should focus on those where the costs are known, e.g. the direct incentive programs, and not secondary, such as with net metering where the identified costs are those associated with the direct incentive programs.

Policies that do not directly provide direct cash incentives, such as the state RPS and Solar Capacity Standard, are best addressed in a section of the report that discusses the importance of these policies in promoting resource diversification. TASC believes federal policies, like PURPA, are outside the scope of this report, which is intended to focus on state policy.

TASC is also concerned that information may not be appropriately represented with respect to net metering. Table 6.1 purports to show the levelized cost of residential and commercial net metering systems. Although the introduction to this section says the analysis that follows is intended to evaluate solar incentive programs “for cost



effectiveness and impact on non-participating ratepayers,” it should be highlighted more fully that the cost of onsite generation is largely paid by the self-generator. The first bullet on the top of page 32 implies that participants in net metering pay a higher share of the cost of energy from their projects than participants in other programs. However, this conclusion should be clearly articulated in the section discussing the levelized costs of the various programs so this is clear to the Legislature.

In addition, TASC believes the following unsupported conclusion should be removed from this section of the report:

In addition to the ETO rebates and state tax credits, net metering participants also save on their electric bill. These savings are not shown on this table, but they do result in a cost shift to non-participating ratepayers. An accurate value for this impact is difficult to quantify, but we discuss this issue in greater detail in Chapter VII of this report.

There has been no cost shift to non-participating ratepayers demonstrated in the Draft Report. Accordingly, there is no basis for this conclusion. In fact, the only support for this conclusion appears to be a single paragraph in Appendix II that lacks any calculations or support. Moreover, the Appendix II analysis includes a number of inaccurate assumptions. First, the analysis states “Utility rates are designed to recover utility costs on a “per kwh” basis, based on an assumed level of retail sales.” In actuality utility rates contain a number of billing components that recover costs through charges that are not based on kWh sales. For example, demand charges that are discussed in footnote 39 on page 38 are not based on kWh sales. The Draft Report acknowledges such charges are not offset by onsite solar production. Likewise, customer charges, minimum bills and a variety of other rate components are not based on per kWh sales and are not offset by solar production.

The Appendix II analysis also errs in assuming that any reduction in utility purchases results in lost revenue and inevitably leads to increased rates for other customers. Using this logic, seasonal residents, low usage customers, customers that install energy efficient appliances, and any customer that generally uses less energy than other customers is shifting costs onto other customers. TASC disputes that this assumption is an accurate or reasonable way to frame the impact of a customer’s decision to deploy solar. There is no analysis in Appendix 2 that demonstrates that solar customers purchase less energy than the normal range of usage that exists in a typical customer class. Absent such a demonstration, there is no basis for alleging that solar customer are shifting costs to other customers. Customer’s generally have the right to use less energy if they chose to do so. That right is not lost simply because the reason for using less is a solar installation.

Lastly, the Appendix II analysis errs by not taking into account transmission and distribution system cost savings that customer self-generation provides to non-participating ratepayers in the form of reduced utility investments. Page 23 of the Draft Report acknowledges that such savings have not yet been quantified in Oregon (“The Commission chose to not require calculations of avoided transmission and distribution

investments, firming and shaping costs, fuel price hedging, or carbon costs.”) Without considering savings such as those that have thus far been ignored, it is not possible to conclude that there is any cost shift from net metering participants to non-participants.

For these reasons, the following statement should also be removed from the Economic Potential section of the Draft Report on page 33:

As discussed below, net metering may shift some of the utility’s fixed costs from program participants to other ratepayers. This cost shift limits the economic potential for solar from net metering.

Likewise, the following bullet should be removed from page 33:

Greater for programs with less cost shifting from participants to non-participants

Finally, the following should be removed from page 36:

In addition to the direct cost of rebates, there is also an indirect rate impact from net metering. Net metering customers benefit from savings on their electric bill, but in doing so they also avoid paying a portion of the utility’s fixed costs. These fixed costs are shifted to other ratepayers. This impact is small now, because the amount of net metered solar capacity is a small fraction of total generation capacity. As solar installation costs decline, the impact of net metering on non-participating ratepayers could become more significant. We discuss the issue of fixed cost recovery in more detail in Chapter VII of this report.

### *Net Metering Participants*

TASC disputes the inclusion of “bill savings” as an “incentive” in the discussion on the bottom of page 35. The discussion on the bottom of this page suggests that net metering customers simply stop paying for energy once they install an onsite solar system. Although self-generators may pay less to the utility than they would in the absence of self-generation, these customer must either pay the upfront cost of onsite solar or they must pay a third party provider for solar generation. However, the discussion on the bottom of page 35 seems to assume that customers that install onsite solar simply get energy for free. That is simply not accurate.

Labeling self provision of energy an “incentive” simply because a customer does not buy energy from a utility is misguided and should be removed from the Draft Report. The inclusion of bill saving as an incentive in this section leads to a wildly inaccurate conclusion on the top of page 36 that suggest that net metering customers get all their energy paid for them. This conclusion is contradicted by the first bullet on the top of page 32 that states that participants in net metering pay a higher share of the cost of energy from their projects than participants in other programs.

The discussion on the bottom of page 35 and the top of page 36 should be modified to

remove the implication that buying less energy from a utility is an “incentive.” Characterizing self-generation in this manner is a disservice to the motivations of customers who make a significant financial commitment to procuring their own energy supply.

## VII. Other Solar Policy Issues

In keeping with the recommended changes above, TASC believes significant modifications are required to the section on Recovery of Utility Fixed Costs. TASC proposes specific modifications to that section below and explains why we believe these modifications are critical to providing the Legislature with a full and accurate understanding of the issues raised in this section.

### *Recovery of Utility Fixed Costs*

TASC proposes the following modifications to the first paragraph:

~~A key issue for solar projects that use net metering is the potential for cost shifting of utility fixed costs. A portion of each residential customer’s electric bill pays for fixed utility costs of transmission and distribution. Net metering e~~  
Customers that self generate their own electricity enjoy a reduced electric bill, but in doing so they avoid paying some of pay less toward these fixed costs than would be the case if they did not self generate. The utility must recover them from other ratepayers. As more customers self generate electricity, utilities will recover less revenue to pay for these fixed costs. However, customer self generation may reduce the need for utility investment in transmission and distribution. This has been a small concern in Oregon, because distributed solar generation is only a small fraction of Oregon’s total generation. ~~However, it has become a significant concern in high solar states such~~ Accordingly, the Commission has not conducted an Oregon-specific analysis of the costs and benefits of distributed solar generation as has been performed in Arizona and California.

Net metering is a bill credit mechanism that allows customers to receive a bill credit for energy exported to the grid during periods when the solar energy systems produce more energy than can be consumed onsite. As such, net metering policy addresses exported electricity. Solar energy systems that do not export electricity have no need for a bill credit mechanism for exports. Thus, the issue raised in this paragraph is associated with consumer reduction in utility electricity purchases that occurs when a customer chooses to self-generate a portion of the customer’s energy needs. A reduction in electricity purchase from a utility occurs regardless of whether a customer exports power or enrolls in net metering. For example, a reduction in electricity purchases from the utility also occurs when a customer uses a qualifying facility to self generate electricity and exports power under a PURPA arrangement.

Because this paragraph raises issues that do not focus on exported electricity, to which net metering applies, but rather focus on reduced electricity purchases from a utility that

are associated with self-generation, TASC believes this paragraph should be modified so that it is accurate. TASC also believes a balanced discussion of this topic should also include the potential for a reduction in utility investment in transmission and distribution that can lower utility rates over time. TASC's proposed modifications above are intended to address these issues.

Additionally, TASC believes the second paragraph of this section should be stricken entirety:

~~In its comments during this investigation, PGE stated that a 6.4 cents/kwh charge would have to be deducted from the bill credit given to net metering participants to recover distribution costs from net metering participants. In January 2014, PacifiCorp testified before the Utah PUC, proposing a Net Metering charge of \$4.25 per month. PacifiCorp states that an equivalent calculation for Oregon would produce a \$6.90 charge.~~

This paragraph selectively presents only the utility perspective, which is a biased perspective on this topic given the impacts on utility revenue and investment. Also, the PacifiCorp Utah testimony discussed in this section represents only PacifiCorp's initial direct testimony, which was filed at the initial stages of a general rate case. PacifiCorp's testimony has not yet been subject to evidentiary hearings or cross examination in the proceeding, and TASC and other parties have filed rebuttal testimony with the Utah Public Service Commission disputing PacifiCorp's calculations and raising significant concerns regarding a lack of support for PacifiCorp's proposed charge.

TASC also has significant concerns with including PacifiCorp's "equivalent calculation for Oregon," which appears to be based on a private correspondence from PacifiCorp to the Public Utility Commission. The Commission should not rely on self-interested statements that have not been submitted under oath in a proceeding in which other parties have an opportunity to test such statements for accuracy. For these reasons, TASC urges the Commission to strike the second sentence of this section, or at least endeavor to provide the Legislature with a broader range of perspectives than just the State's two largest utilities.

Finally, TASC proposes modifications to the last paragraph of this section that are intended to provide a more accurate description of California AB 327:

The most extensive work on recovery of fixed costs is happening in California. Assembly Bill AB 327 directs the California Public Utilities Commission to perform a comprehensive study of fixed cost recovery ~~and implement a remedy~~ *for all customers, in the context of rate reform*. Results will not be available in time to inform this report. However, we will monitor the results of AB 327 to determine if they apply here in Oregon.

AB 327 does a number of positive things for developing the next generation net metering program for the state. It also more broadly looks at rate design, which for California has

been long in need of review after drastic rate measures were enacted in 2000/2001 following California's energy market failures. The study of fixed cost recovery mandated by AB 327 is looking at fixed costs for all customers, in the context of rate reform, and should not be portrayed as a study intended to provide any remedy for any perceived issues associated with solar customers.

TASC appreciates the opportunity to provide the Commission with these comments.

Respectfully submitted,

A handwritten signature in cursive script that reads "Anne Smart".

Anne Smart  
Executive Director  
The Alliance for Solar Choice  
595 Market St, 29<sup>th</sup> Floor  
San Francisco, CA 94105  
Phone: 408-728-7166  
E-mail: [anne@allianceforsolarchoice.com](mailto:anne@allianceforsolarchoice.com)

cc: Service List for UM 1673