

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1673**

In the Matter of)	
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PUBLIC UTILITY COMMISSION OF)	COMMENTS OF
OREGON)	THE CITIZENS' UTILITY BOARD
)	OF OREGON
Report to the Legislature on Effectiveness)	
of Incentive Programs for Solar)	
Photovoltaic Energy)	
_____)	

The Citizens' Utility Board of Oregon (CUB) thanks Commission Staff for the work to develop the draft report to the Legislature regarding solar programs in Oregon pursuant to HB 2893, passed in the 2013 legislative session. CUB appreciates the opportunity to offer comment on the draft report.

CUB largely endorses the comments submitted by the Joint Intervenors (City of Portland, Environment Oregon, Oregon Chapter of the Sierra Club, Oregonian's for Renewable Energy Progress, Oregon Solar Energy Industries Association, Renewable Northwest, and Solar Oregon). However, we wish to emphasize certain portions of those comments as being particularly important to ratepayer interests.

Solar Resource Value

CUB agrees with the Joint Intervenors that one of the top issues of interest in developing the legislation that drives this process to produce a report was that of

determining the value of solar to the system. There is a lot of discussion, both in the draft report and in other venues, about the cost of solar but without a full discussion of the benefits of solar to the system, and therefore to ratepayers, the overall discussion of solar power is given short shrift.

As the experience in UM 1559 shows, the topic of solar resource value is not an easy one. That docket is discussed in the report to some extent. The docket indicated a range of issues – including calculations of avoided transmission and distribution investments, firming and shaping costs, fuel price hedging and carbon costs – that the Commission itself identified as “legitimate components of resource value for SPV (solar photovoltaic)” but the Commission was “not ready at (that) time to require the utilities to report estimates for these components.”

While that decision may have been appropriate at that time and for that docket, it appears less appropriate today in the context of this docket. Today there should be discussion in this report as to when the time would be right to address these pertinent issues or, alternatively on what shape the next iteration of the discussion of solar resource value should take. The rationale for not choosing “a specific approach to calculate solar resource value” was that it was not statutorily required and that the rate of solar penetration was too low to justify such an exercise. While that may have been true at that time, CUB questions whether it is still true today. With a fuller understanding of solar resource value, we can determine how best to increase solar penetration economically in a way that is sustainable and provides true value to ratepayers.

Solar policy is one of the most active discussion areas in energy policy today. In this community there is a wide range of views as to how best to incent and integrate solar into the system. While Oregon has had good and effective incentives, many of which are reviewed in the draft report, we are still lacking an understanding of the role that solar could play as an economic resource in the system. And while there are ongoing debates as to the societal benefits of solar, they are really not part of the calculations of benefits to the energy system. That said, the Commission has done the community a great service by identifying a list of outstanding issues that will provide the starting point for the next phase of solar resource value determination. In CUB's opinion, while this report process may not be the venue for that next phase, it is an appropriate venue to acknowledge the list of outstanding issues developed by the Commission and a place to identify a timeline and process for working through those issues and still other issues that may be identified.

Development of a going forward process is especially important in light of the national debate led by the utilities around cost-shifting due to solar usage by some customers. While CUB concedes that certain points raised by the utilities may have some merit, it is difficult to establish exactly how much merit without a broader conversation about the benefits gained from solar usage as well. Without all of the information, we cannot have a reasoned discussion about solar as a resource.

CUB believes both that solar adds value to the system and that its value is not yet fully quantified today. We urge the Commission to use this report not just as a report on the discussion to date and an overview of what other states have done but as an opportunity to outline how the issue of solar resource value can be more fully developed

in Oregon in the future so that we can have a better understanding of both costs and benefits to Oregon ratepayers.

Properly Identifying Incentives

CUB agrees with the Joint Intervenors that the Renewable Portfolio Standard (RPS) and the state's solar standard should not be categorized as incentives. They are legal mandates rather than incentives and are costs ratepayers are required to pay.

It is appropriate, however, to discuss each mandate's role in devising incentives. The report should acknowledge the power of the mandates and then explore how those mandates affect, or fail to effect, the growth of solar on the system. It should also suggest whether incentives should be used to target segments that the mandates miss, and to review whether the mandates are encouraging other forms of renewables and thus, have little present impact on solar development.

CUB agrees with the Joint Intervenors that QF Avoided Cost Pricing is not an incentive but simply a price setting process. It should be excluded from the discussion of incentives and included under some other section of the report.

Discussion of Third Party Installations

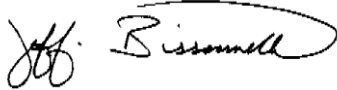
CUB believes both the draft report, and Joint Intervenors comments, do not adequately highlight the role of third party installations. Third Party Installations have proved to provide a strong push for solar installation in Oregon. A fuller examination of the practice, and of Oregon's experience with it, should be included in the report to the legislature.

Conclusion

The Joint Intervenors raise a number of other points which are all part of the active discussion of solar growth and integration. While CUB may have degrees of difference with the points made, we do believe that these points are the issues that are central to the discussion. We urge the Commission to consider these points as it revises the draft report.

Again, CUB appreciates the opportunity to offer these comments and looks forward to continuing to engage with the Commission, Staff and other parties on the report's development, and around the issues raised in the report.

Respectfully submitted,

A handwritten signature in black ink that reads "Jeff Bissonnette". The signature is written in a cursive style with a large, sweeping flourish at the end.

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UM 1673 – CERTIFICATE OF SERVICE

I hereby certify that, on this 23rd day of May, 2014, I served the foregoing **COMMENTS OF THE CITIZENS' UTILITY BOARD OF OREGON** in docket UM 1673 upon each party listed in the UM 1673 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

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