

Oregon Public Utility Commission
PO Box 1088
Salem, OR. 973080 1088
RE: UM 1758



August 9, 2016

Dear Honorable Commissioners,

It is with much interest that the Bonneville Environmental Foundation (BEF) reviewed the draft staff report for UM Docket 1758. BEF has been working in the renewable energy field for over a decade so we are vitally interested in OPUC decisions that can impact our work in this arena. We very much appreciate the opportunity to comment on this report.

In general we find the process and timing of this report troubling in that it requires a thorough and open public engagement process with adequate time for all stakeholders to be involved and shape the outcome of the report. The recommendations in the report can affect the delicate balance of the market infrastructure in place to support an industry that has achieved remarkable progress. This report and the larger public process needs to be revisited to allow for a thorough vetting of concerns and a longer comment period. Since there are upcoming dockets and decisions that will have great impact on renewable development, it seems very premature to recommend changes to any program now until we know the outcome of those future choices.

The report states "solar energy is now a well-supported and relatively robust industry in Oregon." This is a subjective and arguable assertion without any factual backing. For another perspective, consider the Smart Electric Power Association's "Solar Market Snapshot" for 2015, which notes that Oregon ranked 22nd in the country in solar energy development, behind states not known for solar energy such as Maryland, Indiana, Ohio, Vermont, and Washington. Furthermore, the report erroneously identifies all existing hydroelectric power as "renewable," considerably mischaracterizing the capacity of the renewable energy industry in this state.

COMBINED INCENTIVES ANALYSIS

The report fails to characterize or even address the individual impact of the various programs discussed. On page 7 of the report the staff indicates that "it would be difficult, if not impossible, to attribute specific amounts of energy or capacity developed to a specific incentive which can be combined with other programs." The report is essentially stating that evaluating the state's solar incentives is not possible due to the overlap of programs. We disagree. The value of ETO's solar incentive could be illustrated by comparing ETO solar installs against COU installation rates. While this might not provide a definitive answer, this analysis could provide the some context and scope on ETO's solar incentive payments.

bonneville environmental foundation

240 southwest 1st ave
portland, oregon 97204

503 248 1905
www.bef.org

ENERGY TRUST OF OREGON SOLAR INCENTIVE PROGRAM

The analysis of ETO incentives and their above market cost evaluation includes no numerical analysis or calculation to support the conclusion that above market costs will be eliminated "as early as 2018." That conclusion is puzzling considering the report clearly shows significant above market costs with the planned tax credit expiration timeline. The recommendation to begin a multi-year phase out process is seemingly at odds with the data presented, and no justification is provided. This recommendation should be postponed until the future of the RETC is determined beyond 2017.

SOLAR NET ENERGY METERING

The report describes Net Energy Metering (NEM) as an incentive, implying that the "Resource Value of Solar," as yet to be determined, is less than the retail rate. The assertion that NEM customers receive a cross subsidy from other ratepayers is premature and unproven without a fully informed RVOS study and evaluation of net metering's impacts on rate recovery in a changing utility landscape. The report documents no evidence of a cost shift from solar NEM customers to other ratepayers, only the "potential" for a cost shift (which includes the possibility of a cost shift in the other direction).

Without a completed value of solar analysis, it is impossible to evaluate NEM. Once the value of solar is established, the Commissioners will need to evaluate other factors not addressed by the report. For example, is a typical NEM customer's energy bill totally offset, or is it more common to simply lower the annual bill? What is the cumulative impact of NEM on other ratepayers? Without this information, the Commission should not recommend a change to existing metering programs.

CONCLUSION

The report suggests modification of three programs even though some very critical decisions affecting the outcome of all of the state's programs are scheduled in the next 12-18 months. It would be unnecessarily destructive to upset the current status quo of a developing industry until all the pieces of the puzzle can be evaluated. Hasty decisions that could impact the future success of solar PV in Oregon are simply not worth the risk, especially since there is no reason for changing any existing program at the current time. With respect to the workings of the ETO, the PUC should simply ensure that the ETO's above-market analysis is sound, and otherwise defer to the agency to implement its mandate with respect to PV solar deployment. We recommend that the Commission refrain from recommending changes to programs until other important studies are finished and a full public engagement process has been performed.

Sincerely,



Dick Wanderscheid
VP- Renewable Energy Group
Bonneville Environmental Foundation
240 SW 1st Ave.
Portland, Oregon 97204