



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
PortlandGeneral.com

May 6, 2016

Via Electronic Mail

Oregon Public Utility Commission
201 High Street, SE Ste. 100
Po Box 1088
Salem, OR 97308-1088

Re: UM 1758 Solar Incentives, Special Public Meeting

Attention Filing Center:

PGE appreciates the opportunity to submit comments to inform the Public Utility Commission's report to the legislature in response to House Bill 2941 (2015 session). The legislation requested that the Commission evaluate and make recommendations about programs that incentivize the development and use of solar PV energy systems.

Rather than specifically address which solar PV incentive programs should change, remain or be eliminated, PGE developed a set of high level principles to evaluate existing and future incentive programs including net metering and financial incentives from the ETO and the State.

In developing our principles, we focused on effectiveness, efficiency and equity as called out in the law.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "Karla Wenzel". The signature is written in a cursive, flowing style.

Karla Wenzel, Manager
Pricing & Tariffs

Encl:

KW/sp

UM 1758 Report to the legislature
PGE principles

HB 2941 directs the Public Utility Commission to evaluate the state's incentives for development and use of solar photovoltaic ("PV") systems and submit a report to the legislature that "recommends the most effective, efficient and equitable approach to incentivizing the development and use" of PV. With that in mind, Portland General Electric submits the following guiding principles for use as a starting place in this docket.

- We view the need for and the incentives themselves primarily through the lens of needing to reduce the state's carbon dioxide emissions. To the extent that one incentive program has a clear cut advantage over another in carbon that is one method of determining the effectiveness, efficiency or equity around the incentive. While other factors for incentives do exist, e.g., economic development, diversity of fuel supply, resiliency – they are subsumed by the environmental benefits associated with solar PV development.
- In the last eight years, the Oregon legislature has generally reduced the incentives available for renewable energy resources and has shown limited willingness to consider new incentives. In an environment with limited state financial support for accomplishing the renewable energy goals of the state, we need to be particularly careful about how to spend the limited dollars we do have to the greatest benefit.
- With regard to incentives policy, state taxpayers should pay incentives that further state policy goals. It is appropriate for utility customers to pay for benefits to the utility system and not society generally.
- The investor-owned utilities now have a mandate to meet a 50% renewable standard by 2040. Part of our task in this proceeding should be to determine whether the incentives help, hinder or have no effect on accomplishment of this significant state policy. To the extent possible, state energy policies and state incentives should be aligned to drive efficiency.
 - By way of illustration, utilities cannot utilize the value of the RECs created by net metered customers for utility RPS compliance. Among other things, this is due to WREGIS rules for REC reporting that require metered production, and the additional metering costs that would be imposed on customers to capture the required production data.
- Utilities, through their IRP processes, will meet the 50% RPS mandate in the 'lowest cost/least risk' way. Incentives should be designed to ensure that short-term economics do not trump longer-term value or the market development of promising new technology that requires subsidies to become mainstream.
- While every sector can lay a claim to the need for public incentives, it should be the goal of the state to ensure that all Oregonians can take advantage of the value of public moneys being spent on renewables and that the state receives the "best bang for the buck." Limited incentive dollars should be measured by a cost-effectiveness metric.

- Incentives based on production, rather than capacity, encourage the development of more efficient renewable resources and should be the preferred path on incentives.
- Incentives should be transparent. Net energy metering, or NEM, is a policy to deliver incentives. Its use of a proxy incentive, the retail electricity rate, was a choice made for ease of delivery. The retail rate is a product of the utilities costs and policy decisions on rate design. Long term, state policy should favor a more rational way to recognize the value of solar with transparency on the incentive value. The value of solar, is one way to more clearly separate incentive from the value of the energy itself.
- Incentives need to mature with the technology. The economics behind the subsidy and the effect that the subsidy has on the market itself should be investigated to ensure that the subsidies themselves are not causing undue profits.