



Bureau of Planning and Sustainability
Innovation. Collaboration. Practical Solutions.

August 10, 2016

Via Electronic Filing

Public Utility Commission
Attn: Filing Center

PUC.FilingCenter@state.or.us

Re: UM 1758 Report to the Legislature on Incentives for Development and Use of Solar Photovoltaic Systems.
Open via House Bill 2941.

Dear Filing Center:

Enclosed for filing in the above-referenced docket are the City of Portland's comments in response to the first draft solar incentive programs report. Please contact me if you have any questions. Thank you for your assistance in this matter.

Andria Jacob
Senior Manager, Energy Programs and Policy
City of Portland Bureau of Planning and Sustainability



City of Portland, Oregon | Bureau of Planning and Sustainability | www.portlandonline.com/bps
1900 SW 4th Avenue, Suite 7100, Portland, OR 97201 | phone: 503-823-7700 | fax: 503-823-7800 | tty: 503-823-6868

Printed on 100% post-consumer waste recycled paper.

August 10, 2016

To: Oregon Public Utility Commission
Re: Comments from City of Portland in response to UM 1758 Draft Solar Incentives Report

Dear Honorable Commissioners:

Thank you for the opportunity to comment in these proceedings. The City of Portland has been tracking legislative and regulatory proceedings related to solar incentive programs with substantial interest since the Oregon Legislature passed HB 2893 in 2013, resulting in UM 1673 and the first solar incentive report issued in 2014.

Like its predecessor, this new report contains significant flaws and fails to provide the insight and clarity sought by the Legislature. It is short on analysis and long on assumptions. The report does not adequately address the mandate set forth in HB 2941 "to evaluate Oregon programs that incentivize the development and use of solar photovoltaic (PV) energy systems and recommend the most effective, efficient and equitable approach to incentivizing the development and use of solar PV energy systems in this state."

The report does not define "effective, efficient and equitable." In reviewing the solar programs, the report does not address the actual goals of each program nor does it examine the legislative history of each. Doing so would provide much-needed context for determining whether or not a program is effective, efficient or equitable.

The report does not discuss benefits of the solar programs, only the costs and only for some market sectors. Staff state that it isn't possible to analyze the effectiveness and efficiency of individual incentives due to "different data tracking systems." In 2016, it is hard to believe that three relatively simple datasets could not be analyzed and cross-referenced. The report draws a host of unsupported conclusions based on incomplete analysis.

The City of Portland concurs with the comments of other parties with respect to flaws in the process for this docket. HB 2941 presented the Commission with an extremely complex analytical task, with many interrelated factors to consider. A longer comment period and a great deal more vetting of this report and its conclusions are warranted.

Solar Net Energy Metering

Portland is not convinced by staff's assertion that cost-shifting is occurring as a result of solar net energy metering (NEM). The report provides no factual data to support this assertion. The conclusions drawn in the report are premature and prejudicial.

Energy efficiency has been the resource of choice in Oregon for many years, based on its cost-effectiveness. Customers that make energy efficiency improvements also reduce the volume of kilowatt hours that they purchase from the utility, ostensibly leading to similar outcomes for the utility as solar NEM customers. However, some level of cost-shifting apparently can be tolerated when it comes to energy efficiency. To be clear, the City of Portland is completely supportive of this. We point it out only to say that it is inconsistent and arbitrary to conclude that Oregon should dismantle a foundational solar market mechanism like NEM when overall solar adoption in Oregon remains infinitesimal by any measure. The City of Portland strongly suggests that it is far too soon for the Commission to sound the alarm over cost-shifting when data demonstrating a cost-shift have not been provided and solar remains at such low levels of adoption.

It is especially troubling to contemplate such sweeping changes at a time when 1) the overall renewable energy market is undergoing significant changes in the policy landscape due to the passage of SB 1547 and 2) there are ongoing proceedings that clearly impact any analysis of "solar incentive programs," specifically the investigation into the resource value of solar (UM 1716) and the fate of the Residential Energy Tax Credit (RETC).



City of Portland, Oregon | Bureau of Planning and Sustainability | www.portlandonline.com/bps
1900 SW 4th Avenue, Suite 7100, Portland, OR 97201 | phone: 503-823-7700 | fax: 503-823-7800 | tty: 503-823-6868

Printed on 100% post-consumer waste recycled paper.

Energy Trust of Oregon Solar Incentive Program

Staff conclusions around Energy Trust solar incentives are vague and based on a selective analysis. It is our understanding that above-market costs for each market sector (residential, commercial & industrial, utility-scale) are different and each has their own forward cost curves. Further, it is our understanding that above-market costs for solar will persist beyond 2018 in all market sectors except for utility-scale PV.

Above-market costs are interdependent on other programs and incentives available in the marketplace, like the RETC and NEM. Changes to either of these programs will affect above-market costs for residential customers. In fact, the graph presented in Figure 7 on page 15 shows an increase in above-market costs if the RETC sunsets, making staff conclusions to ramp down the Energy Trust solar incentive program perplexing and at odds with the data presented.

In conclusion, the City of Portland urges the Oregon Public Utility Commission to refrain from recommending broad changes to existing solar programs until the public process can be revisited to ensure stakeholders have adequate time to vet staff findings and until other relevant proceedings are concluded.

Sincerely,



Andria Jacob
Senior Manager, Energy Policy and Programs
City of Portland Bureau of Planning and Sustainability

