

September 30, 2016

Via Electronic Filing

Public Utility Commission
Attn: Filing Center

PUC.FilingCenter@state.or.us

Re: In the Matter of PUBLIC UTILITY COMMISSION OF OREGON,
Report to the Legislature on Incentives for Development and use of Solar Photovoltaic Energy
Systems under House Bill 2941 (2015)
Docket No. UM 1758

Dear Filing Center:

Enclosed for filing in the above-referenced docket are written comments by the Oregon
Department of Energy in response to the second draft of the Report to the Legislature as required
by House Bill 2941 (2015). Please contact Rob DelMar at (503) 302-7027 if you have any
questions.

Thank you for your assistance in this matter.

Sincerely,

/s/ Wendy Simons

Wendy Simons
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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1758

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| In the Matter of |) | |
| PUBLIC UTILITY COMMISSION OF |) | COMMENTS OF THE OREGON DEPARTMENT |
| OF OREGON, |) | ENERGY ON SECOND DRAFT OF REPORT |
| |) | |
| Report to the Legislature on Incentives for |) | |
| Development and Use of Solar Photovoltaic |) | |
| Energy Systems, House Bill 2941 (2015) |) | |
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Introduction

The Oregon Department of Energy (ODOE or department) appreciates the opportunity to comment on the Public Utility Commission (PUC) staff's second draft of its Report to the Legislature on Incentives for Development and Use of Solar Photovoltaic Energy Systems as required by House Bill 2941 (2015). The UM 1758 docket was opened by the PUC in order to provide a process for producing the report.

ODOE staff has reviewed the second draft of the report, and would like to offer the following comments.

Recommendation to Modify the Solar Net Metering Program to Utilize Value of Solar Rates

The department appreciates that the Commission clarified in section 3.2.2 of the second draft report that a separate proceeding to implement value of solar rates will occur after the Resource Value of Solar (RVOS) docket UM 1716 is completed and the RVOS is determined. This implementation proceeding will be important to ensure that a transition from net metering to a new rate schedule for customer-sided solar occurs in a way that is beneficial to the utility system, is equitable to ratepayers, and continues to advance the solar market in Oregon. In addition to this implementation proceeding, the department recommends that the Commission conduct a stakeholder process to further assess recommendation 3.2.2 prior to the rate implementation proceeding. While RVOS may prove to be the most appropriate

mechanism for compensation of these types of solar projects in Oregon, an additional evaluation after completion of docket UM 1716 would provide the Commission and stakeholders with the opportunity to further discuss the impacts of RVOS rates in light of the completed UM 1716 docket.

Social and Economic Development Benefits of Solar PV

The department continues to be concerned that recommendation 3.2.1 – that the social and economic development benefits of Solar PV should be funded by taxpayers – could be interpreted to imply that ratepayers do not share responsibility for the external costs of the utility system. The department recognizes that many of the social and economic development benefits of customer-sided solar are shared by all Oregonians. However, the department recommends the commission distinguish between the social and economic benefits that do not address the external costs of the utility system, such as economic development, and those that do address those external costs, such as greenhouse gas emission reductions.

Assessment of Oregon’s Energy Landscape

The department appreciates the changes made to “Chapter 1 – Oregon Energy Landscape” in the second draft of the report, which provide a better description of the market forces affecting solar. This section could be further strengthened by replacing Figure 2 on page 5, which illustrates solar market trends in the United States, with a similar chart generated from Oregon project data. While the cost and capacity of customer-sided solar in Oregon are following the same trends as the national data, Oregon’s volume and pricing are different and it will take longer for solar costs to be competitive in Oregon.

Impact of Policy on Consumer-Owned Utilities

Because the report recommends that any solar program be adopted statewide, the department remains concerned about impacts to Oregon’s consumer-owned utilities (COUs) and their customers. This is especially true of the Commission’s statewide recommendation to discontinue net metering in favor of

value of solar rates. The department urges the Commission to more fully engage the COUs in discussions as it develops a plan to implement the recommendations in this report.

Conclusion

The department appreciates the opportunity to submit these comments on the second draft of the Commission's report on solar photovoltaic incentive programs. In summary, we recommend an additional stakeholder process to further assess recommendation 3.2.2 after the conclusion of UM 1716, distinction between social and economic costs that address externalities of the utility system from those that do not, use of more Oregon-specific data to characterize Oregon's energy landscape, and full engagement with COUs on recommendations that may affect their customers. We look forward to the final draft and to further engagement with the Commission, its staff, and other stakeholders on these issues.

Respectfully submitted September 30, 2016.

Sincerely,

/s/ Rob DelMar

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