BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1758

In the Matter of	)	
	)	COMMENTS ON DRAFT REPORT
PUBLIC UTILITY COMMISSION OF	)	BY TASC
OREGON	)	
	)	
Report to the Legislature on Incentives for	)	
Development and use of Solar Photovoltaic	)	
Energy Systems.	)	)
	)	

On behalf of The Alliance for Solar Choice (TASC), we thank the Commission for the opportunity to inform this process, and we have the following comments and suggestions regarding the draft report.

(1) General

The draft report overview asserts that renewable energy now has a strong presence in Oregon and will soon be the state's primary generating resource, given the recently passed 50 percent RPS. It further asserts that this trajectory will continue regardless of what incentives, if any, are provided to solar projects in Oregon. That analysis does not distinguish between utility scale and behind the meter scale projects. The lion share of Oregon's existing, and projected use of renewable energy comes from utility scale projects driven by the RPS policy. In contrast, behind the meter solar projects have not increased significantly on average over the past five years. In fact, as discussed further below, they declined in 2015 as compared to 2014 in two of the three IOU service territories. Given that the policies being evaluated in this draft report are behind the meter programs (NEM and ETO), the focus should be on the cost and growth of that sector, not the cost and growth of utility scale projects.

(2) Net Energy Metering Proposed Changes

The draft report acknowledges that there is crucial information regarding Oregon's solar energy sector that is not yet available for consideration in assessing the Net Energy Metering (NEM) program. Specifically, the value of solar methodology has not yet been established under its separate docket, UM 1716, and the ongoing availability of the renewable energy tax credit (RETC) program is uncertain given its upcoming sunset date and ongoing deliberations by the legislative committee assessing the future of the Oregon Department of Energy and its programs.

Given the gaps in information and ongoing timeline, TASC believes that it may be premature to make recommendations on the future of the NEM program. As was suggested at the first workshop by several stakeholders, TASC respectfully urges the PUC to postpone making any recommendations on the future of NEM until those information gaps are filled.

Based on the data provided in the draft report, there has not been an explosion of NEM projects in Oregon over the past three years. To the contrary, two of the three utilities, PacifiCorp and Idaho Power, saw a decline in kilowatts installed from NEM projects in 2015 as compared to 2014. While PGE had an increase of projects and kilowatts in 2015, the two years prior, 2014 and 2013, saw a decrease in systems and kilowatts from 2012. Given the lack of sustained and significant growth in NEM projects over the past five years, there is no urgency to making long-term adjustments to the NEM program this year.

The draft report does not have enough information on the value of solar to make a determination that the NEM program should even be characterized as "an incentive" program at all. If the value of solar proves to be more valuable than the portion of system charges that are not collected in NEM projects then the program should not even be evaluated as an incentive program. As TASC stated at the first workshop, the NEM program should be viewed simply as a billing mechanism to compensate solar customers for the excess energy they send back to the grid.

The proposed changes to the NEM program included in the draft report also pose potential tax implications for solar customers. Shifting to a fixed monetary compensation for a customer-generator's excess power may create a taxable event that could hinder both adoption and market stability. According to a 2013 legal memo from national law firm Skadden, Arps, Slate, Meagher & Flom, tax implications include jeopardizing a homeowner's ability to claim the 30% investment tax credit for expenditures for qualified energy efficient residential property (also called a Section 25D credit), which includes qualified solar electric property, as well as increasing a homeowners' income taxes.[1]

The vast majority of independent studies conducted across the country to date show that NEM is a financial benefit to *all* ratepayers, not only to the ratepayers that have installed solar projects.[2] For instance, a 2014 Commission ordered study in Mississippi found that net metering is a net benefit for all ratepayers and helps keep rates low.[3]

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[1] http://stopfeedintaxes.com/wp-content/themes/fit/docs/memorandum.pdf

[2] http://www.seia.org/policy/distributed-solar/solar-cost-benefit-studies

[3] http://www.synapse-energy.com/sites/default/files/Net%20Metering%20in%20Mississippi.pdf

For the reasons stated above, TASC supports retaining the simple and well understood existing NEM program and methodology, consistent with the vast majority of state NEM programs over shifting to a radical new methodology that has no existing precedent, would likely be less simple and understandable to the typical residential customer and that may create significant new barriers such as income tax impacts and reduced access to the federal Section 25D tax credit. At the least, TASC asserts that any decision to alter the existing NEM program should await conclusion of the Value of Solar docket, UM 1716.

We appreciate the Commission's consideration of our comments and look forward to collaborating further on this matter.

Dated this 10th day of August, 2016.

Respectfully submitted,

David Van't Hof, OSB #961859
David Van't Hof Legal and Strategic Services
3424 NE 42nd Ave, Portland, OR 97213
(503) 467-9518
vanthofd30@gmail.com