

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 14, 2014**

REGULAR _____ CONSENT X EFFECTIVE DATE October 14, 2014

DATE: October 6, 2014

TO: Public Utility Commission

FROM: John Crider *Jc*

THROUGH: Jason Eisdorfer and Aster Adams *JEM/AA*

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1538) Request by Energy Solutions, LLC, on behalf of their customer Bar CK Cattle, for a waiver of the 12-month solar photovoltaic system installation requirement pursuant to OAR 860-084-0210(1).

STAFF RECOMMENDATION:

The Commission grant the request by Energy Solutions, LLC, to extend the 12-month deadline to install eight small solar photovoltaic systems (SPV) under Pacific Power's solar incentive program by an additional four months, to February 22, 2015.

DISCUSSION:

Energy Solutions, LLC, is requesting a waiver of the 12-month installation requirement for six 10 kW solar projects and two 5 kW solar projects reserved through the solar pilot program. These projects will help offset operating costs for the irrigation equipment and farm housing for Bar CK Cattle. Bar CK Cattle was granted these allocations on October 22, 2013, and submitted the appropriate interconnection forms for all projects to Pacific Power on December 18-19, 2013.

Pacific Power granted approval for all of the installations on March 13, 2014. At this time, the customer began discussions with potential financiers of the project. The customer applied for a loan through Jordan Thomas, Inc. After several months of pursuing this loan, the application was ultimately turned down.

Subsequently, the customer applied for a grant through the federal Department of Agriculture (USDA) renewable energy grant program. Staff has spoken with the administrator of this program and verified that there is a high likelihood of the customer receiving the grant. However, the grant only covers 25 percent of the overall project costs. The customer expects to supply the remaining funds.

The USDA grant process requires delay of the equipment purchase until after the application process is complete. Approval to move forward with the installation process was received from the USDA on September 9, 2014. Subsequently, the customer expects to begin the installation work on October 1, 2014, and be done around mid-November. This timeline means that the solar program's 12-month installation deadline of October 22 cannot be met.

Rule

The applicable rule is OAR 860-084-0210(1), which states that a capacity reservation expires if the system has not been installed within 12 months of the reservation start date, unless a waiver is granted under OAR 860-084-0000(3). The evaluation criteria set forth in OAR 860-084-0000(3) for waiver of Division 84 rules is "good cause" shown. The Commission has discretion to determine what constitutes "good cause."

Analysis

The customer had difficulty receiving financial backing through Jordan Thomas and due to a lack of communication from the financial group did not realize their application had been denied until several months after the fact. The customer then began seeking other financial sources, including the USDA.

Although the USDA provided Staff with a favorable outlook regarding the awarding of the Rural Energy for America Program grant, it must be noted that the grant covers only 25 percent of the project costs and the customer has indicated they will rely on unspecified private funds for the remaining cost.

Staff must conclude based on the limited information provided by the customer that there is still some uncertainty regarding the financial backing of this project, and therefore some uncertainty about the ultimate completion of the project even with the extension of the schedule.

However, the customer has already submitted interconnection applications and paid all deposits on schedule, and has generally shown a good faith effort towards completion of the project. The customer has invested a great deal of time and resources towards the loan and grant applications, and has given every indication of wanting to pursue installation of these projects.

Finally, it should be noted that the total capacity involved is relatively small (70kw) and if the project fails to get installed by the extension date of February 22, 2015, there will still be an opportunity to re-allocate this capacity in the final reservation window in May

Docket No. UM 1538 (Energy Solutions waiver request)
September 8, 2014
Page 3

2015. Staff concludes that granting the requested extension of time is the most reasonable course of action for this case.

Conclusion and Recommendation

Staff concludes that the time delay in obtaining financial backing for the project represents good cause for waiver of the 12-month installation requirement, and that an extension of four months represents a fair and reasonable remedy for the customer.

PROPOSED COMMISSION MOTION:

The request by Energy Solutions, LLC to waive the 12-month installation requirement for three SPV systems under Pacific Power's solar incentive program be granted, and the deadline extended to February 22, 2015.

Ca7-UM 1538 Energy Solutions waiver request