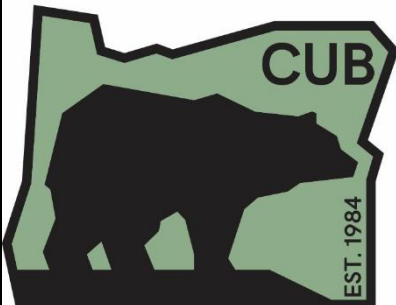


**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1930**

In the Matter of)
)
Oregon Public Utility Commission Staff)
)
Report on alternate bill credit rate)
considerations for Community Solar.)
_____)

**OPENING COMMENTS OF THE
OREGON CITIZENS' UTILITY BOARD**

March 1, 2018



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I. INTRODUCTION

The Oregon Citizens' Utility Board ("CUB") appreciates the opportunity to provide these opening comments on the Oregon Public Utility Commission Staff's ("Staff") Report on alternate bill credit rate considerations for Community Solar ("report"). CUB commends Staff for the time and effort it has put into producing the report. CUB largely agrees with the broad principles and underlying facts Staff has stated in the report. However, in these opening comments CUB will address some key conclusions which CUB disagrees with in the report.

At the outset it is important to state that CUB supports healthy and successful community solar programs. Oregon residential customers have demonstrated a great deal of support for solar energy and interest in increased access to solar to meet individual energy needs. While net-metering and voluntary green power programs have been available to residential customers for a number of years, there continues to be demands for additional opportunities to participate in the solar market. In passing Senate Bill ("SB") 1547, the Legislature intended to provide an

additional option to obtain solar energy for ratepayers who, for whatever reasons¹, have not been able to take advantage of net-metering or voluntary green power programs.

With this principle in mind, CUB believes that SB 1547 does not preclude an alternate rate that exceeds the resource value of solar (“RVOS”), and that there may be sufficient “good cause” to implement an alternate rate based on the implementation timing and value of the RVOS.

II. COMMENTS

A. *SB 1547 does not preclude an alternate rate that exceeds the RVOS.*

SB 1547 provides that the Commission may adopt an alternate rate for community solar programs if the Commission has “good cause.”² CUB concurs with Staff that the “good cause” provision affords the Commission a great deal of discretion to exercise its judgment and determine whether an alternate rate is warranted. Staff also highlights a number of objectives the Commission must consider when developing the program, including: incentivizing customers to participate in the program; minimizing cost shifts to non-participating ratepayers; and protecting the public interest.³

CUB does not believe that the obligation to minimize cost-shifting precludes an alternate rate that exceeds the RVOS values. Staff raises the possibility that the Commission may not have the legal authority to require non-participating ratepayers to bear the costs of community

¹ CUB notes that net-metering is not an option for renters or home-owners who have restrictions that make installation of solar panels unviable. Similarly, voluntary green power programs are only utilized by customers who can pay a premium for green energy. Moreover, unlike community solar, neither program is feasible for low-income customers.

² Enrolled Senate Bill 1547, Section 22, (6)(b).

³ Staff Report, p. 1-2.

solar programs at a rate above the RVOS.⁴ CUB appreciates Staff's concern and also wants to protect non-participating ratepayers from undue cost shifts.

However, it is worth noting that the Commission is only required to minimize, not eliminate, the shifting of costs to non-participating customers. That obligation must be balanced against the public and legislature's desire to create community solar options. If, for example, the success of the program hinges on an alternate rate that exceeds RVOS values, it is in the public interest to determine what that alternate rate is. So long as any costs shifted to non-participating ratepayers are minimized to the fullest extent possible, CUB believes the Commission has the authority to implement an alternate rate that exceeds the RVOS.

B. Reduction of the Federal Investment Tax Credit prior to a final RVOS may be a sufficient basis to implement an alternate rate.

CUB agrees with Staff's projection that the RVOS is unlikely to be finalized in time for community solar projects to access the full Investment Tax Credit (ITC).⁵ Staff questions to what extent a four percent reduction to the ITC will impede the development of solar projects. CUB does not have the expertise or knowledge of solar developers' financing or business models to speculate on the ramifications of a diminished ITC. Furthermore, CUB is reticent to endorse developing an alternate rate quickly based purely on assertions. However, if it can be shown that the reduced ITC would significantly hinder the development of solar projects, CUB believes the delayed finalization of the RVOS could be "good cause" for the Commission to implement an alternate rate.

⁴ Staff Report, p. 6.

⁵ Staff Report, p. 9.

C. The utilities' initial RVOS values are unlikely to produce robust community solar programs.

CUB agrees with Staff's assessment that the utilities' initial RVOS values are lower than values in all other state community solar programs.⁶ Admittedly the RVOS docket is ongoing, and the initial RVOS values are still subject to change. However, absent significant and unforeseen circumstances, it seems unlikely the RVOS values will increase greatly from the initial proposals. Given that fact, CUB is concerned that the RVOS rates may be insufficient to ensure healthy and robust community solar programs. If it is shown that RVOS values will impede any solar development, the Commission would have good cause to establish an alternate rate.

D. The record is insufficient for CUB to recommend a specific alternate rate.

The Commission could consider several methods for determining an alternate rate. The method may vary depending on the basis for which the Commission determines there is "good cause" for an alternate rate. For example, if the Commission bases its good cause finding on expiration of the ITC, then a readily ascertainable rate is necessary. Throughout the development of the community solar docket, stakeholders have often referred to the program as a "remote net-metering" option. If the Commission intends to align community solar with net-metering, applying a volumetric retail rate would be consistent with the vision of the program.

Alternatively, if the Commission finds the low RVOS values to warrant an alternate rate, the Commission could chose to utilize RVOS values and apply an adder that is found necessary to incentivize program development. CUB cannot recommend a specific alternate rate based on the current record. However, as stated above, CUB believes there is sufficient concern regarding

⁶ Staff Report, p. 18.

the timing of the RVOS implementation and value to justify beginning the discussion of what alternate rate may be appropriate.

III. CONCLUSION

CUB appreciates the opportunity to submit these opening comments, and we look forward to continuing to participate in this matter.

Respectfully Submitted,

/s/ Elizabeth Jones

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