

July 24<sup>th</sup>, 2019

To: Oregon Public Utility Commission and Staff

From: Alexia Kelly--Policy Advisor and Linda Irvine, Interim Executive Director, Spark Northwest

RE: OPUC Draft Proposal for Community Solar Interconnection (Docket UM 1930)

Thank you for the opportunity to provide comments regarding the “Draft Proposal for Community Solar Interconnection” under Docket UM 1930. Spark Northwest appreciates PUC staff’s thorough and informative white paper and analysis and the Commission’s efforts to advance the Community Solar Program (CSP) in a timely fashion.

Spark Northwest is a regional non-profit organization dedicated to creating communities powered by locally controlled, clean energy. Through our education, policy and technical assistance programs, we help connect people with direct opportunities to participate in and benefit from clean energy.

Distributed renewable energy generation can provide important customer choice and energy security and resilience benefits and needs to be a central part of Oregon’s energy mix going forward, particularly in rural and underserved areas. In general the approaches and findings piloted under UM1930 should be applied and translated into action in other dockets related to small scale generation and PURPA reform as quickly as possible in order to accelerate the deployment of clean, distributed energy across the state that supports local economic development and energy security considerations.

Spark Northwest agrees that a “fair and functional” process needs to be in place by end of 2019 for the Community Solar Program (CSP) interconnection process, but also agrees with other commenters and PUC staff’s concerns that interconnection challenges—among the other significant challenges facing the program-- may prevent the timely and successful implementation of the CSP. The interconnection challenges on timing and cost addressed in this proposal, combined with the current Resource Value of Solar (RVOS) pricings by the Investor Owned Utilities (IOUs) and the overall programmatic structure and requirements, result in a difficult—if not insurmountable-- set of implementation obstacles; particularly for community-based projects with sponsors who may lack advanced project development skills.

Spark Northwest agrees with staff’s finding that “interconnection under existing SGIP may not be functional due to delays in processing applications and prohibitive costs for generators”. Distributed clean energy is already financially and administratively challenged in the state. Projected system margins-- even without substantial interconnection costs--are very thin. Asking these projects to bear these additional costs, even when modest, will all but guarantee that many of them never get implemented, or even out of the starting gate. Streamlined, cost-efficient and fair interconnection processes and cost allocation will be essential to successful implementation of the CSP.



### Transparency and Timing

Spark Northwest applauds the PUC's efforts to make information related to transmission and distribution and interconnection capacity—information that has been publicly available in the state of California since 2012<sup>1</sup>--available in Oregon. The transparency requirements under UM2001 are extremely important for the CSP planning and project siting process. The information asymmetry in Oregon's market results in an environment that significantly favors the IOUs from a project development standpoint and results in inefficient and costly project siting processes for distributed generation across the state. Decisions taken under UM2001 will have a significant impact on the successful implementation of the CSP and will have far reaching impacts in supporting a more transparent and equitable energy planning process across the state and in enabling access to local clean energy generation.

These transparency concerns also extend to the interconnection and system upgrade costs calculation and assignment. Community solar projects, and most small scale distributed energy in the state, operate on very thin margins. A clear understanding of interconnection analysis and required system upgrade costs from the outset of a project will be essential to siting and planning projects that are economically viable and sustainable. The significant expense and variability currently involved in the interconnection analysis process introduces what will likely be intolerable unpredictability to the project development process. The formal and informal dispute process for assignment of costs through the utilities' interconnection analysis process will be difficult, if not impossible, for community-based projects to navigate.

The issue of allocation of costs among generators merits additional discussion and consideration as the Staff proposed solution of implementing cost sharing agreements among generators is likely to be quite difficult to implement in practice.

At a minimum, and per Staff's recommendation, third-party expert review and analysis of system upgrade costs should be available to developers and project proponents. The PUC staff's analysis illustrates that the current interconnection system and process has been used to effectively halt the development of non-utility sponsored small-scale distributed generation in the state, at least in PAC's territory: where less than 3 out of 74 interconnection requests have been successfully executed since 2016 and of those, zero were PURPA projects<sup>2</sup>.

Finally, Spark Northwest suggests that the Commission go farther than Staff's recommendations on addressing the delays in Utilities performing interconnection studies and require that the IOUs: 1) clear their interconnection study backlog before December 2019, and 2) that the Commission institute new rules that require utilities to complete the interconnection analyses within a pre-specified time period (e.g. 60 days)

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<sup>1</sup> <https://solarbuildermag.com/news/californias-major-utilities-have-published-updated-interconnection-capacity-analysis-maps/>

<sup>2</sup> PUC staff whitepaper, page 6 and 7

from date of receipt of the request. Overall, the Commission should ensure interconnection analysis assumptions and methodologies are transparent, standardized and publicly available. These measures will support a fair and equitable interconnection process for small-scale generators and community solar projects in the State.

### **Cost Allocation**

With regard to allocation of cost between small scale generators and the utilities, the PUC Commission should consider revisiting the language and policies in OAR 860-082-0035 in order to ensure that the statute aligns with the original intent and purpose of the Commission’s stated goal of “including language that is meant to strictly limit a public utilities ability to require one small generator facility to pay for the cost of system upgrades that primarily benefit the utility or other small generator facilities, or that the public utility had planned to make regardless of the small generator interconnection.”<sup>3</sup>, which the Staff whitepaper notes is “not necessarily evident in the language of the cost allocation rules adopted by the Commission”.

Additional scrutiny should be applied to the current cost assignment practices of the IOUs, given that PACs median assigned cost estimates per study (\$2.15 million) are approximately seven times that of the regional median cost (\$306,000) per NREL and staff’s analysis.<sup>4</sup>

### **Streamlining Project Interconnection and Siting**

One interim measure to accelerate efficient and cost-effective siting of community solar (and other distributed generation resources) could be through the establishment of “Community Energy Zones” (CEZ) that are identified in partnership with the utilities and would have fast-tracked interconnection processes. These Zones would be identified with the utilities and/or other interested transmission providers (e.g. BPA and or COUs) that have excess capacity on their lines and/or have underserved local load (e.g. load pockets).

In these predesignated zones, the standard interconnection study process and technical analyses per OAR 860-082-0020 could be streamlined and simplified as long as the project meets certain pre-specified and reasonable parameters (to be determined by the Commission in consultation with the utilities and other stakeholders). Having the IOUs identify areas where small-scale generators can interconnect easily and at lower cost to all parties will ensure optimal use of existing infrastructure and the highest efficiency for ratepayers and project developers, while also supporting the IOUs in meeting specific capacity needs on the grid.

This approach has been used successfully in other parts of the country and in emerging markets as a means of channeling and directing distributed renewable energy development to the places that make the most sense—see the National Renewable Energy Laboratory’s [work on Renewable Energy Zones](#)<sup>5</sup>. However, rather than planning transmission and distribution around renewable resources, as they did, this approach

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<sup>3</sup> PUC staff whitepaper page 8

<sup>4</sup> PUC staff whitepaper, page 7

<sup>5</sup> <https://www.nrel.gov/docs/fy16osti/65988.pdf>

would plan small-scale renewable distributed generation around existing transmission and distribution and load in key areas.

Conversely, the utilities could also indicate a “negative list” of lines and areas across their service territories where distribution and transmission infrastructure is already strained and would require expensive upgrades to accommodate additional generating capacity, thereby allowing community solar and other proponents to focus their efforts more effectively.

### **Conclusion**

The changes proposed in Staff’s white paper are a step in the right direction, but will not address the underlying challenges facing the Community Solar Program and small scale distributed generation overall. Spark Northwest generally supports staffs’ recommended path forward for the CSP program, but have underlying concerns that any interconnection process that requires small community solar projects—but not utility-owned projects-- to interconnect as Qualifying Facilities under PURPA will negatively impact the implementation of projects that are advanced by non-utility proponents. Spark Northwest recommends that the Commission consider alternative pathways for addressing unsubscribed power under the program.

Spark Northwest looks forward to engaging in the workshop next week and to continued discussions and efforts to advance clean, distributed energy across the state through the Community Solar Program and other means.

Sincerely,

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On behalf of Spark Northwest  
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