



# UM 1930 Bill Credit Analysis

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# Staff Approach



**Goal:** Viable program that offers a reasonable range of customer choice

Low-Income  
Access

Project  
Availability

Self  
Sufficiency

# Bill Credit Analysis



## Modeled project IRR to assess policy goals

Builds on Order No. 18-177 analysis

Incorporates new information, learnings (e.g., Admin costs, market insights)

Assumes an average project

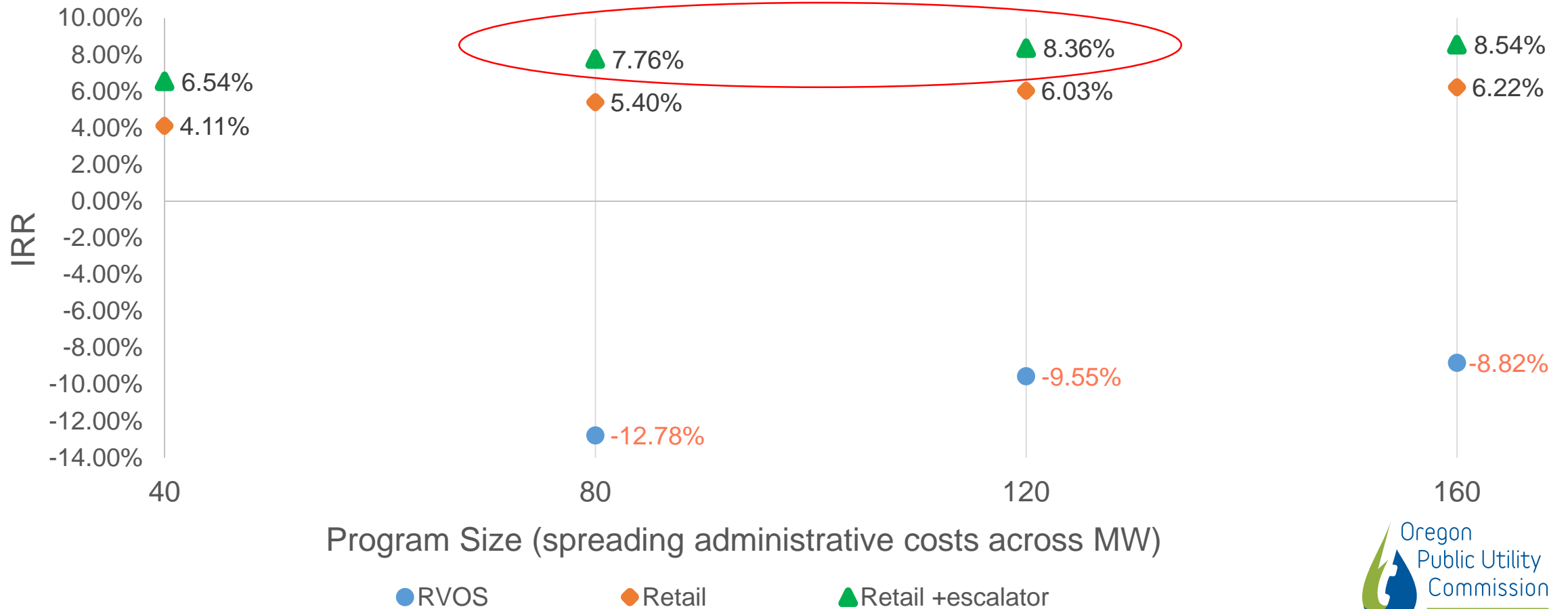
Upholds low-income requirements

Measures impacts of ongoing administrative costs on project availability

# Modeling Outcomes – Viability



### Estimated Project Availability



# Modeling Outcomes – Cost



Program Size	Bill Credit Rate	Est. Gross 20y Ratepayer Impact (\$M)	Est. PGE Ratepayer Impact (% of Rev. Req.)	Est. PAC Ratepayer Impact (% of Rev. Req.)	Est. IPC Ratepayer Impact (% of Rev. Req.)
25% (40.3 MW)	RVOS	\$5.15	0.006%	0.007%	0.006%
	Retail fixed	\$39.18	0.053%	0.043%	0.053%
	Retail + escalator	\$56.16	0.075%	0.063%	0.081%
50% (80.5 MW)	RVOS	\$6.91	0.009%	0.009%	0.007%
	Retail fixed	\$75.44	0.102%	0.083%	0.102%
	Retail + escalator	\$109.66	0.147%	0.122%	0.158%
75% (120.8 MW)	RVOS	\$6.73	0.008%	0.009%	0.006%
	Retail fixed	\$109.03	0.148%	0.119%	0.147%
	Retail + escalator	\$160.10	0.215%	0.177%	0.231%
100% (161.0 MW)	RVOS	\$6.96	0.009%	0.009%	0.005%
	Retail fixed	\$143.29	0.195%	0.156%	0.193%
	Retail + escalator	\$211.33	0.284%	0.234%	0.305%

# Alternative #1

## Remove headroom



### Adjustments

- Set administrative fees for 80 MW.
- Extend interim rate to 80 MW.
- Ratepayers cover any unfunded administrative costs if program doesn't reach full 80 MW.

### Impacts

- Still likely to see range of projects available (IRR = 7.8%).
- Additional ratepayer funding of administrative costs are likely, but minimal.

# Alternative #2

## Do not adjust for learnings



### Adjustments

- No escalator for inflation.
- Spread administrative costs across 40 MW.
  - Set fees at maximum cost allowed under contract).
  - **OR**, artificially lower administrative fees (not enough to cover admin).

### Impacts

- More limited participation choices—maybe utility and grant funded projects (IRR = 4%, limited certainty).
- **OR**, Ratepayers covering majority of administrative costs for foreseeable future (IRR = 5 – 6%, limited certainty).
- **OR**, reduce PA services and pay for services elsewhere.

# Alternative #3

## Full opportunity



### Adjustments

- Extend retail rate + escalator for inflation to full initial capacity tier (~160 MW).

### Impacts

- Very likely to see a range of options made available (8.5% IRR, certainty).
- Removes optionality within interim tier.



# Appendix



- Other recommendations
- Summary of IRR analysis
- Summary of ratepayer impact analysis

# Interconnection Recommendations



- Waive OAR 860-088-0040(2)(d) as a requirement
- Establish a streamlined CSP interconnection process that considers eligible generators within a limited scope and process.
- Begin developing models for cost-sharing between generators:
- Simplify metering requirements for small generators.
- Issue a Request for Information (RFI) for third-party expert interconnection study review services.
- Adopt an enhanced pre-application report for non-profit and public Project Managers.
- Direct PacifiCorp to provide additional information on the process to address the backlog of Oregon interconnection applications as it impacts CSP projects.

# Low-Income Recommendations



- Require a minimum of 10 percent of each CSP project's capacity to be allocated for use by qualifying low-income residential customers.
- Require a 20 percent subscription discount for qualifying low-income subscriptions.
- Define a qualifying low-income residential customer as:
  - A residential Idaho Power Company (IPC), PacifiCorp (PAC), or Portland General Electric (PGE) customer that meets the income and all other requirements set forth in the PIM.
  - A residential utility account holder with a utility allowance or other requirements of rent-assisted housing.
  - An affordable housing provider that directly pays for the electricity costs of residential tenants with household incomes that meet the income requirements set forth in the PIM and additional conditions for direct tenant benefits.

# Transition to Ongoing Recommendations



- Limit start-up to specific program development activities.
- Before 80 MW of CSP capacity is subscribed and billing:
  - Collect the full administrative fee from participants.
  - Collect \$5/kW pre-certification application fee from Project Managers.
  - Backfill unfunded administrative costs with ratepayer funds until 80 MW is subscribed and billing.
- Once 80 MW of CSP capacity is subscribed and billing:
  - Collect the full administrative fee from participants.
  - Collect the full pre-certification application fee from Project Managers.

# Other Recommendations



- Simplify bill mechanics to an annual kWh true up.
- Direct the utilities to provide  $\geq 1$  communication per year to direct participants to CSP opportunities.

# Summary - Viability



Participant Administrative Fees (\$/kW/mo.)	Bill Credit Rate	Project Manager 20y IRR*
\$2.46	RVOS	N/A
	Retail fixed	4.11%
	Retail + escalator	6.54%
\$1.50	RVOS	(12.78%)
	Retail fixed	5.40%
	Retail + escalator	7.76%
\$1.00	RVOS	(9.55%)
	Retail fixed	6.03%
	Retail + escalator	8.36%
\$.085	RVOS	(8.82%)
	Retail fixed	6.22%
	Retail + escalator	8.54%

Joint utility proposal

Staff proposal

Solar and community groups' proposal

\*Assumes "average" project as modeled by Staff and the PA Team

# Summary – Cost



Program Size	Bill Credit Rate	Est. Gross 20y Ratepayer Impact (\$M)	Est. PGE Ratepayer Impact (% of Rev. Req.)	Est. PAC Ratepayer Impact (% of Rev. Req.)	Est. IPC Ratepayer Impact (% of Rev. Req.)
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