

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 21, 2020**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: April 13, 2020

TO: Public Utility Commission

FROM: Natascha Smith

THROUGH: Bryan Conway, Michael Dougherty, and JP Batmale **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Projects for Pre-Certification Consideration.

STAFF RECOMMENDATION:

The Oregon Public Utility Commission (OPUC or Commission) should accept the recommendation of the Program Administrator of the Community Solar Program (CSP or Program) to pre-certify Green Hill Community Solar and Wallowa County Community Solar.

DISCUSSION:

Issue

Whether the Commission should accept the recommendation of the Program administrator to pre-certify the proposed CSP Projects and grant the associated requests to waive certain Program Implementation Manual requirements related to low-income customers.

Applicable Rule or Law

Section 22 of Senate Bill (SB) 1547, effective March 8, 2016, and codified in Oregon Revised Statute (ORS) 757.386, directs the Commission to establish a community solar program (hereinafter referred to as "Program" or "CSP").

On June 29, 2017, the Commission adopted formal rules for Oregon's Community Solar Program under Oregon Administrative Rules (OAR) Division 88 of Chapter 860. OAR 860-088-0040 details the requirements for Project pre-certification. The CSP

Program Implementation Manual provides that the Program Administrator may recommend a waiver of any PIM provision on a case-by-case basis as part of the Commission's decision on pre-certification, certification, major project amendment, or other decision reserved to the Commission. Any recommended waiver is subject to approval by the Oregon Public Utility Commission at the time of Project pre-certification or certification.¹

Analysis

Background

On January 21, 2020, the CSP platform began accepting applications for Project pre-certification. As required by OAR 860-088-0040(e), the CSP Program Administrator has reviewed the following application and recommended the Commission grant the waivers and pre-certify these Projects.

Projects

Name of Project	Name of PM	Utility Territory	Project Size (kW-AC)	Recommendation	Attachment
Green Hill Community Solar	Fleet Development	PAC	700	Grant Waiver & Pre-certify	Attachment A
Wallowa County Community Solar	Fleet Development	PAC	360	Grant Waiver & Pre-certify	Attachment B

Program Administrator Reasoning

This Project Manager has requested a waiver from the requirement in the Program Implementation Manual for both Projects regarding the manner in which savings to low-income Participants are delivered. The Program Administrator recommends that the Commission grant these waivers and pre-certify the Projects with the addition of a new requirement regarding annual reporting.

The Program Implementation Manual specifies that each Project allocate a minimum of ten percent of its capacity to low-income Participants, and that subscription fees for low-income Participants must reflect at least a twenty percent discount under the Participant's bill credit rate.²

¹ Program Implementation Manual, p. 54 (updated December 20, 2019).

² Program Implementation Manual, p. 64 (updated Dec. 20, 2019).

The Project Manager for these Projects has long been in conversation with the Program Administrator regarding the customers they intend to serve with their Projects. These Projects would subscribe low-income customers living in a certain category of federally subsidized housing through a partnership with an affordable housing provider. Residents in this category of housing are required to pay a set monthly amount for rent and utilities combined, in a manner such that any increase or decrease in a resident's utility costs are automatically offset by a corresponding change in a resident's monthly rent. Therefore, if a low-income resident in this housing situation were to receive a discounted community solar subscription through the Community Solar Program, they would not truly experience any net overall benefits due to the resulting automatic rent increase.

The Project Manager and Program Administration team (including the Program's Low-Income Facilitator) have discussed this issue and come to a workable solution. The subscription fee rate for low-income Participants would be set at the bill credit rate, resulting in no net on-bill financial impact for low-income customers. In lieu of direct on-bill savings, the Project Manager would provide benefits to low-income Participants in the form of an off-bill grant payment that is equal to the amount of the on-bill benefit that low-income Participants would otherwise receive (i.e. twenty percent of the subscription fees collected by the Project Manager).

The Program Administrator endorses this proposal as a creative solution that allows residents in this particular housing situation to participate in and receive benefits through the Oregon Community Solar Program. The Program Administrator informed Staff that its support for providing benefits to low-income Participants in the form of off-bill grants is limited to this specific scenario where true net customer benefits are not feasible under the normal process, and we do not propose to waive the on-bill discount requirements for Projects in general.

The Program Administrator recommends that the Commission grant this waiver requests and pre-certify the Projects with the addition of the following requirement:

- No later than June 30 each year after the Project comes on-line, the Project Manager must provide documentation to the Program Administrator that off-bill benefits have been distributed to low-income Participants in the Project, and that the amount of annual benefits must be at least equal to the on-bill savings that low-income Participants would have received if their subscription fees reflected the discounted rate required by the Program.³

³ A due date of June 30 is in line with the regular cycle of annual reporting from Project Managers regarding REC compliance and customer complaints.

- The Program Administrator will verify that the appropriate amount of benefit has been provided to Project Participants, and compliance with this requirement would be covered by normal Program disciplinary procedures.

Staff Assessment

The CSP is designed to reach consumers who are typically unable to access solar. Staff applauds Fleet Development and the Program Administration team for developing a creative solution, which enables customers residing in federally subsidized housing to participate in the Program. Staff notes that the waivers do not change the benefit received by low-income participants in these projects, only the method of distributing those benefits. Further, Staff appreciates the reporting requirement, which protects participants and helps inform the Program. For these reasons, Staff concurs with the recommendation of the Program Administrator.

Conclusion

Based on the reasoning of the Program Administrator and a review of CSP requirements, Staff ultimately recommends that the Commission grant the requested waivers and pre-certify these Projects.

PROPOSED COMMISSION MOTION:

Accept the recommendation of the Program Administrator to grant the requested waivers and pre-certify the Green Hill Community Solar and Wallowa County Community Solar Projects.



Community Solar Pre-Certification Recommendation

Public Meeting Date: 4/21/20

Project Overview

Project ID:	PP-2020-12									
Project Name:	Green Hill Community Solar									
Project Manager:	Fleet Development, LLC									
Site Address:	70649 Bear Creek Road	Wallowa								
Utility Territory:	Pacific_Power									
Project Size (kW-AC):	700									
Applicable Designations :	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Low Income</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Workforce Diversity</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Brownfield</td> <td style="text-align: center;">No</td> </tr> <tr> <td>Dual-Use Ag</td> <td style="text-align: center;">No</td> </tr> </table>		Low Income	No	Workforce Diversity	No	Brownfield	No	Dual-Use Ag	No
Low Income	No									
Workforce Diversity	No									
Brownfield	No									
Dual-Use Ag	No									
Development Entity Type:	LLC									
Projected COD:	null									
Project Description:	700 kW single-axis tracker project sited in Wallowa, Oregon. Project will be subscribed 100% to low-income families primarily through low-income service providers.									

Participation and Billing Structure

Low Income Recruitment Method:	PA is Recruiting	
Low-Income Participation:	10	%
Residential & Small Business:	90	%
Large Commercial, Agricultural, & Industrial:	0	%

Requirements Checklist (OAR 820-088-0040)

Project manager has registered with the CSP:	Yes
Meets all insurance project requirements:	Yes
Submitted a detailed description of the project:	Yes
Has obtained all non-ministerial permits:	Yes
Has complied with interconnection requirements:	Yes
Submitted participant acquisition approach:	Yes
Submitted plan for meeting low-income requirements:	Yes
Submitted estimated project cost information:	Yes
Submitted development timeline:	Yes

PA Recommendation:

Recommendation: With_Reservations

Recommendation Date: 4/7/2020

This Project has requested a waiver from the requirement in the Program Implementation Manual regarding the manner in which savings to low-income Participants are delivered. The Program Administrator recommends that the Commission grant this waiver and Pre-certify the Project with the addition of a new requirement regarding annual reporting.

The Program Implementation Manual specifies that each Project allocate a minimum of ten percent of its capacity to low-income Participants, and that subscription fees for low-income Participants must reflect at least a twenty percent discount under the Participant's bill credit rate.

The Project Manager for this Project has long been in conversation with the Program Administrator regarding the customers they intend to serve with their Projects. These Projects would subscribe low-income customers living in a certain category of federally subsidized housing through a partnership with an affordable housing provider. Residents in this category of housing are required to pay a set monthly amount for rent and utilities combined, in a manner such that any increase or decrease in a resident's utility costs are automatically offset by a corresponding change in a resident's monthly rent. Therefore, if a low-income resident in this housing situation were to receive a discounted community solar subscription through the Community Solar Program, they would not truly experience any net overall benefits due to the resulting automatic rent increase.

The Project Manager and Program Administration team (including the Program's Low-Income Facilitator) have discussed this issue and come to a workable solution. The subscription fee rate for low-income Participants would be set at the bill credit rate, resulting in no net on-bill financial impact for low-income customers. In lieu of direct on-bill savings, the Project Manager would provide benefits to low-income Participants in the form of an off-bill grant payment that is equal to the amount of the on-bill benefit that low-income Participants would otherwise receive (i.e. twenty percent of the subscription fees collected by the Project Manager).

The Program Administrator endorses this proposal as a creative solution that allows residents in this particular housing situation to participate in and receive benefits through the Oregon Community Solar Program. We note that our support for providing benefits to low-income Participants in the form of off-bill grants is limited to this specific scenario where true net customer benefits are not feasible under the normal process, and we do not propose to waive the on-bill discount requirements for Projects in general.

We recommend that the Commission grant this waiver request and Pre-certify the Project with the addition of the following requirement: On an annual basis during the Project's operational period, the Project Manager must provide documentation to the Program Administrator that off-bill benefits have been distributed to low-income Participants in the Project, and that the amount of annual benefits must be at least equal to the on-bill savings that low-income Participants would have received if their subscription fees reflected the discounted rate required by the Program. We suggest that this reporting be due annually at the end of June, to be in line with the regular cycle of required annual reporting from Project Managers regarding REC compliance and customer complaints. The Program Administrator would verify that the appropriate amount of benefit has been provided to Project Participants, and compliance with this requirement would be covered by normal Program disciplinary procedures.



PP-2020-12 Green Hill CSP - Low-Income Mandatory Discount Modification/Waiver Request

Green Hill CSP will provide approximately 10% of its subscription base to low-income residents in federally subsidized multifamily housing. These residents, on average, make no net annual cash outlay for utility costs, and thus would not benefit from a CSP subscription discount as it is currently envisioned by the program requirements. In fact, a financial savings in utility cost can only be realized by the US Government due to the complexities governing income, rent and utility calculations contained in federal regulations. This project proposes passing through a discount to the LMI subscribers in the form an annual grant approximating the value of a 20% utility discount to each tenant with a low-income subscription.

Background

Residents in rent-restricted housing pay a prescribed net tenant contribution (rent + utilities) based on income level (typically 30%). They receive a utility allowance subsidy for their electricity bill that is equivalent to their entire monthly utility bill. If a tenant were to receive a solar bill credit or discount, it would reduce their utility allowance subsidy and raise their rent by an equal amount. Subscription discounts cannot reduce tenant cash outlays on Federally subsidize properties. If instead of a discount, the project manager provides a bill credit, under current federal regulations monthly bill credits would be characterized as income and result in a corresponding rent increase.

Tangible benefits of solar include equity, education, sustainability, and access

Though regulations prevent direct resident financial benefit, there are other important reasons to ensure inclusion of this subscriber demographic. Low-income focused CSPs will have more impact than any other type of project for meeting Oregon's energy equity goals by providing the first path to renewable energy access for LMI residents. Subscriptions will also be an entry point for education materials provided by the project manager and the Low-Income Facilitator, which will relay the importance of transitioning housing to clean energy to ensure its sustainability. The connection of multifamily housing to community solar in Oregon is an important step in transitioning a significant driver of energy consumption in the state to new renewable sources and enables economically disadvantaged residents to finally gain access to renewables, an opportunity previously limited to those with financial means.

Proposal

Green Hill CSP will designate 10% of its available capacity as low-income subscriptions. The project will make an annual grant available to these subscribers. This grant will be made

available by January 31st of each year during peak energy consumption. The grant amount will be equal to 20% of the average annual subscription cost for the low-income subscription. A grant that is a one-time event or considered temporary in nature is exempt from inclusion in income calculations. *Income Exclusions [CFR 24, Subtitle A, Part 5, Subpart F §5.609(c)]: Temporary, nonrecurring or sporadic income (including gifts);*

Example:

Avg annual subscription(usage) = 5,000 kWh

Avg annual subscription cost = (5,000 kWh x \$.0977 BCR) = \$488.50

Annual grant = \$488.50 x 20% = \$97.70

Conclusion

Green Hill CSP requests a waiver of the standard mandatory methodology for discount for low-income subscribers. The required discount, in this case, will provide no net financial benefits to the project's planned subsidized housing resident subscribers. An alternative grant approach would enable a similar financial benefit that stays with the low-income subscriber instead of being recaptured by the government through rent increases or utility allowance decreases. A waiver allowing an alternative grant will enable the project to move forward, connecting these underserved residents with solar energy and bringing the benefits of equity, education, sustainability and not unintentionally exclude community solar from this neglected housing sector.



Community Solar Pre-Certification Recommendation

Public Meeting Date: 4/21/20

Project Overview

Project ID:	PP-2020-35										
Project Name:	Wallowa County Community Solar										
Project Manager:	Fleet Development, LLC										
Site Address:	81855 Homan Ln	Enterprise	97828								
Utility Territory:	Pacific_Power										
Project Size (kW-AC):	360										
Applicable Designations :	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Low Income</td> <td style="width: 30%;">No</td> </tr> <tr> <td>Workforce Diversity</td> <td>No</td> </tr> <tr> <td>Brownfield</td> <td>No</td> </tr> <tr> <td>Dual-Use Ag</td> <td>No</td> </tr> </table>			Low Income	No	Workforce Diversity	No	Brownfield	No	Dual-Use Ag	No
Low Income	No										
Workforce Diversity	No										
Brownfield	No										
Dual-Use Ag	No										
Development Entity Type:	LLC										
Projected COD:	null										
Project Description:	360-kW project sited in Enterprise, Oregon. The project will be contain 10% low-income subscriptions. The remainder will be subscribed to local businesses and housing.										

Participation and Billing Structure

Low Income Recruitment Method:	PA is Recruiting	
Low-Income Participation:	10	%
Residential & Small Business:	90	%
Large Commercial, Agricultural, & Industrial:	0.00E+00	%
Ownership or Subscription:	0	

Requirements Checklist (OAR 840-088-0040)

Project manager has registered with the CSP:	Yes	1/7/2020
Meets all insurance project requirements:	Yes	
Submitted a detailed description of the project:	Yes	
Has obtained all non-ministerial permits:	No	
Has complied with interconnection requirements:	Yes	
Submitted participant acquisition approach:	Yes	
Submitted plan for meeting low-income requirements:	Yes	
Submitted estimated project cost information:	Yes	

Submitted development timeline:

Yes

PA Recommendation:

Recommendation:

With_Reservations

Recommendation Date:

4/7/2020

This Project has requested a waiver from the requirement in the Program Implementation Manual regarding the manner in which savings to low-income Participants are delivered. The Program Administrator recommends that the Commission grant this waiver and Pre-certify the Project with the addition of a new requirement regarding annual reporting.

The Program Implementation Manual specifies that each Project allocate a minimum of ten percent of its capacity to low-income Participants, and that subscription fees for low-income Participants must reflect at least a twenty percent discount under the Participant's bill credit rate.

The Project Manager for this Project has long been in conversation with the Program Administrator regarding the customers they intend to serve with their Projects. These Projects would subscribe low-income customers living in a certain category of federally subsidized housing through a partnership with an affordable housing provider. Residents in this category of housing are required to pay a set monthly amount for rent and utilities combined, in a manner such that any increase or decrease in a resident's utility costs are automatically offset by a corresponding change in a resident's monthly rent. Therefore, if a low-income resident in this housing situation were to receive a discounted community solar subscription through the Community Solar Program, they would not truly experience any net overall benefits due to the resulting automatic rent increase.

The Project Manager and Program Administration team (including the Program's Low-Income Facilitator) have discussed this issue and come to a workable solution. The subscription fee rate for low-income Participants would be set at the bill credit rate, resulting in no net on-bill financial impact for low-income customers. In lieu of direct on-bill savings, the Project Manager would provide benefits to low-income Participants in the form of an off-bill grant payment that is equal to the amount of the on-bill benefit that low-income Participants would otherwise receive (i.e. twenty percent of the subscription fees collected by the Project Manager).

The Program Administrator endorses this proposal as a creative solution that allows residents in this particular housing situation to participate in and receive benefits through the Oregon Community Solar Program. We note that our support for providing benefits to low-income Participants in the form of off-bill grants is limited to this specific scenario where true net customer benefits are not feasible under the normal process, and we do not propose to waive the on-bill discount requirements for Projects in general.

We recommend that the Commission grant this waiver request and Pre-certify the Project with the addition of the following requirement: On an annual basis during the Project's operational period, the Project Manager must provide documentation to the Program Administrator that off-bill benefits have been distributed to low-income Participants in the Project, and that the amount of annual benefits must be at least equal to the on-bill savings that low-income Participants would have received if their subscription fees reflected the discounted rate required by the Program. We suggest that this reporting be due annually at the end of June, to be in line with the regular cycle of required annual reporting from Project Managers regarding REC compliance and customer complaints. The Program Administrator would verify that the appropriate amount of benefit has been provided to Project Participants, and compliance with this requirement would be covered by normal Program disciplinary procedures.

Low-Income Discount Waiver Request Form

The Oregon Community Solar Program requires that at least 10 percent of generating capacity be reserved for low-income customers, and that low-income customers be provided a subscription price that includes at least a 20 percent discount compared to the bill credit rate that a participant receives. Additional information on low-income requirements is provided in the Oregon Community Solar Program Implementation Manual, available at www.oregoncsp.org.

In certain cases, a project manager may wish to reserve a greater portion of project capacity for low-income customers than the 10 percent minimum required by the program, and project economics may limit their ability to do so while also providing the required 20 percent discount to low-income participants. In these cases, a project may request that the 20 percent discount requirement be lowered or waived. In no case may low-income customers be charged a subscription fee that exceeds their bill credit rate.

Waiver requests will be reviewed and potentially granted on a case-by-case basis. A project manager may not request that this requirement be waived if they do not plan to reserve more than the minimum amount of capacity for low-income participants. The intent of this waiver process is to provide a means for project managers to provide greater benefits to low-income participants and communities than they would be able to in the absence of a waiver (such as a project manager that proposes to allocate 100% of a project's capacity to low-income customers). Waivers would not be granted if the Program Administrator and OPUC determine that a project manager is only proposing a modest increase in low-income participation as a means of waiving the discount requirement.

The process for requesting a waiver is as follows:

- 1. The Project Manager will fill out this waiver request form and submit to the Program Administrator on the Community Solar Program Platform at www.oregoncsp.org.** Waiver requests may be submitted as part of the project pre-certification or certification submittal process. It is recommended that Project Managers submit their waiver requests early in the process in order to better inform their project planning.
- 2. The Program Administrator will review the waiver request and provide a recommendation to the Oregon Public Utility Commission.** As part of this review, the Program Administrator may schedule a meeting with the project manager to discuss their project plans. Waiver requests will not be granted automatically but will be considered based on their merits on a case-by-case basis. The final decision to grant a waiver is made by Commission at the time that a project is pre-certified, and the recommendation provided by the Program Administrator is not binding. If a project manager requests a waiver prior to submitting a pre-certification application, the Program Administrator will inform the project manager whether it intends to recommend that the waiver request be approved, but this would be subject to OPUC approval.
- 3. The Oregon Public Utility Commission will make a final determination on whether to grant the waiver request at the time of pre-certification.** As part of approving a waiver, the Commission may place additional conditions on a project that must be met, such as achieving a higher level of low-income participant enrollment by the time of project certification.

Oregon Community Solar Program Low Income Discount Waiver Request

Project Manager Entity Name: Fleet Development, LLC

Point of Contact Name: Ryan Sheehy

Point of Contact Phone Number: (541) 263-7684

Point of Contact Email: ryan.sheehy@fleetdevelopment.org

What percentage of capacity do you propose to reserve for low-income customers? 10 %

What subscription fee do you propose to charge low-income customers? \$ property-paid

Please provide a brief narrative that describes:

- The reason that you are requesting a waiver to the 20 percent discount requirement for low-income customers,
- How this waiver would allow your project to provide benefits that are equal to or greater than the benefits that low-income customers would receive if a waiver is not granted, and
- How you plan to recruit low-income customers to your project in the absence of the financial incentive provided by the required discount.

You may submit this narrative as a separate document if preferred.

PP-2020-35 WC CSP - Low-Income Mandatory Discount Modification/Waiver Request

Wallowa County CSP will provide approximately 10% of its subscription base to low-income residents in federally subsidized multifamily housing. These residents, on average, make no net annual cash outlay for utility costs, and thus would not benefit from a CSP subscription discount as it is currently envisioned by the program requirements. In fact, a financial savings in utility cost can only be realized by the US Government due to the complexities governing income, rent and utility calculations contained in federal regulations. This project proposes passing through a discount to the LMI subscribers in the form an annual grant approximating the value of a 20% utility discount to each tenant with a low-income subscription.

Background

Residents in rent-restricted housing pay a prescribed net tenant contribution (rent + utilities) based on income level (typically 30%). They receive a utility allowance subsidy for their electricity bill that is equivalent to their entire monthly utility bill. If a tenant were to receive a solar bill credit or discount, it would reduce their utility allowance subsidy and raise their rent by an equal amount. Subscription discounts cannot reduce tenant cash outlays on Federally subsidize properties. If instead of a discount, the project manager provides a bill credit, under current federal regulations monthly bill credits would be characterized as income and result in a corresponding rent increase.

Tangible benefits of solar include equity, education, sustainability, and access

Though regulations prevent direct resident financial benefit, there are other important reasons to ensure inclusion of this subscriber demographic. Low-income focused CSPs will have more impact than any other type of project for meeting Oregon's energy equity goals by providing the first path to renewable energy access for LMI residents. Subscriptions will also be an entry point for education materials provided by the project manager and the Low-Income Facilitator, which will relay the importance of transitioning housing to clean energy to ensure its sustainability. The

SAVE