

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 16, 2020**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: June 8, 2020

TO: Public Utility Commission

FROM: Natascha Smith

THROUGH: Bryan Conway, Michael Dougherty, JP Batmale, and Sarah Hall **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 Verde Light Power Project.

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 (PIM) 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 waiver and pre-certify this Project.

Projects

Name of Project	Name of PM	Utility Territory	Project Size (kW-AC)	Recommendation	Attachment
Verde Light Power Project	Fleet Development	IDP	2,950	Grant Waiver & Pre-certify	Attachment A

Program Administrator Reasoning

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

The Commission has previously granted this same waiver to this Project Manager for two Pre-certified Projects in Pacific Power service territory,² and the PA recommends applying the same treatment to the Project Manager's additional Project in Idaho Power service territory.

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-

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

² Commission Order No. 20-141, April 27, 2020.

income Participants must reflect at least a twenty percent discount under the Participant's bill credit rate.³

The Project Manager for this Project has long been in conversation with the Program Administrator regarding the customers they intend to serve with their Project. This Project 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 request and pre-certify the Project 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

³ Program Implementation Manual, p. 64 (updated Dec. 20, 2019).

low-income Participants would have received if their subscription fees reflected the discounted rate required by the Program.⁴

- 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 appreciates Fleet Development and the Program Administration team for using a creative solution to enable the participation of customers residing in federally subsidized housing. 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 waiver and pre-certify this Project.

PROPOSED COMMISSION MOTION:

Accept the recommendation of the Program Administrator to grant the requested waiver and pre-certify the Verde Light Power Project.

⁴ 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.



Community Solar Pre-Certification Recommendation

Public Meeting Date: 6/16/20

Project Overview

Project ID:	IP-2020-72
Project Name:	Verde Light Power Project
Project Manager:	Fleet Development, LLC
Site Address:	1900 Malheur Dr Ontario 97914
Utility Territory:	Idaho Power
Project Size (kW-AC):	2950
Applicable Designations :	NA
Development Entity Type:	Corporation
Projected COD:	12/31/2020
Project Description:	2.95 MW project sited on city industrial property in Ontario, Oregon. The project is designed to subscribe low-income multifamily housing, public service buildings and community service organizations to the extent possible.

Participation and Billing Structure

Low Income Recruitment Method:	PM will collaborate with the Low-Income Coordinator
Low-Income Participation:	10 %
Residential & Small Business:	50 %
Large Commercial, Agricultural, & Industrial:	40 %
Ownership or Subscription:	Subscription

Requirements Checklist (OAR 860-088-0040)

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:

Recommending with reservations

Recommendation Date:

5/18/2020

See PA reasoning, included in Staff memo



IP-2020-72 Verde Light CSP - Low-Income Mandatory Discount Modification/Waiver Request

Verde Light 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 housing 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

Verde Light 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 \$.0848 BCR) = \$424.00

Annual grant = \$424.00 x 20% = \$84.80

Conclusion

Green Hill CSP requests a waiver of the mandatory standard 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.