

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 23, 2024**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** February 1, 2024

DATE: January 16, 2024

TO: Public Utility Commission

FROM: Benedikt Springer

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Updates Idaho Power Company Community Solar Program bill credit rate.

STAFF RECOMMENDATION:

Approve Idaho Power Company's proposed update to the bill credit rate for the Community Solar Program, effective February 1, 2024.

DISCUSSION:

Issue

Whether to approve Idaho Power Company's proposed update to the bill credit rate for the Community Solar Program (CSP).

Applicable Rule or Law

ORS 757.205 requires public utilities to file all rates, rules, and charges with the Commission.

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just, and reasonable.

ORS 757.386(2)(a) directs the Commission to establish a program that provides electricity customers the opportunity to share the costs and benefits of electricity generated by a community solar energy system.

On June 29, 2017, in Order No. 17-232, the Commission adopted formal rules for the CSP under OAR Division 88 of Chapter 860.

OAR 860-088-0120(4) requires electric companies to obtain Commission approval of any applicable tariffs required by the CSP rules.

Order No. 19-392, adopted on November 8, 2019, establishes CSP bill credit rates for each utility and requires those rates to be updated annually beginning in 2021.

In Order No. 21-071, the Commission decided that the 2020 interim rates would be retained for the remainder of the interim capacity tier or until January 31, 2022.

Analysis

Background

On November 8, 2019, through Order No. 19-392, the Commission adopted the current residential retail rate of each utility as the bill credit rate for Community Solar Program participants. Starting on January 1, 2021, utilities would file an update to the base rate by January 1 of every year, to be applicable only to new projects.¹ The updated rate would be adopted by the Commission and posted to Docket No. UM 1930 and the CSP website. This process would continue until the Commission determined that it would no longer accept Pre-Certification applications at the interim rate. The interim rate applies to the interim capacity tier, which for Idaho Power Company (IPC) is 3.28 MW.

However, in Order No. 21-071 issued February 26, 2021, the Commission adopted Staff's recommendation and declined to update the bill credit rate for all three electric utilities, retaining the 2020 bill credit rates in effect for the remainder of the interim capacity tier or January 31, 2022, whichever came first.²

Subsequently, on December 27, 2023, IPC filed a request to update its bill credit rate for the CSP in UM 1930 with an effective date of February 1, 2024. In accordance with its current transmission, distribution, and energy charges in Schedule 1 for residential customers, IPC proposes to reduce the bill credit rate from \$0.084800 per kWh to \$0.084275 per kWh, a decrease of 0.62 percent. The new rate would apply to the Company's remaining 0.33 MW of capacity, which is still available for development.

Impacts

IPC's filing complies with the requirements for updating the bill credit rate as prescribed by Order No. 19-392. Generally, bill credit rates must strike a balance between

¹ See UM 1930, Order No. 19-392, p. 81, November 8, 2019.

² See UM 1930, Order No. 21-071, Appendix A, p. 1, February 26, 2021.

incentivizing participation in the program and making projects economically viable, while also minimizing costs for non-participants. Order No. 21-071 enumerates several potential policy reasons to not update the bill credit rate. As discussed below, Staff believes that none of those apply here and the update should therefore be approved.

The proposed change would reduce the amount that IPC remunerates Community Solar participants for their electricity generation. Under some assumptions, 0.33 MW AC of capacity might produce around 640 MWh of electricity annually.³ The new bill credit rate would result in a total decrease of \$336 a year. Assuming average-sized residential subscriptions, this would lead to \$3.82 reduction in annual bill credits per participant.⁴ Staff believes that this change is too small to substantially affect participation decisions. Similarly, while \$336 does represent an annual reduction in residential rates, it is too small to be noticeable in monthly bills.⁵

Another important public policy consideration cited in Order No. 21-071 is giving small and non-profit-led carve-out projects the best chance of success. This does not apply here since IPC is exempt from carve-out capacity.⁶

Theoretically, reduced rates could affect how much developers can collect in fees without discouraging subscribers, potentially making projects less economically viable. However, Staff believes the proposed change is too small to have this effect. According to developers, CSP project economics in IPC territory are challenging and require additional grant funding to be viable.⁷ The small impact to project fees created by a \$336 reduction in bill credit revenue is likely overwhelmed by those factors.

Conclusion

Staff believes IPC's proposed update to bill credit rates will have minimal impacts and should therefore be approved.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's proposed update to the bill credit rate for the Community Solar Program, effective February 1, 2024.

³ 445.9 kW DC located in Ontario, OR, using the PVWatts Calculator by NREL, <https://pvwatts.nrel.gov/index.php>.

⁴ 3.75 KW per participant.

⁵ The order of magnitude is a few tenths of a cent a month.

⁶ See UM 1930, Order No. 19-392, p. 4f., November 8, 2019.

⁷ Staff correspondence with Program Administrator, February 5, 2024.