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November 28, 2018

Public Utility Commission of Oregon
201 High St. SE, Suite 100
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(via electronic mail: PUC.FilingCenter@state.or.us)

RE: AR 622—Comments of OSEIA on Staff’s Draft Rules for Community-Based Renewable Energy Projects

The following joint comments are provided by the Oregon Solar Energy Industries Association (OSEIA) and Coalition for Community Solar Access (CCSA), hereafter referred to as “Solar Parties.” We appreciate the opportunity to provide this feedback on the draft rules for the Community-Based Renewable Energy Standard (ORS 469A.210), under Docket # AR 622.

OSEIA is a trade association founded in 1981 to promote clean, renewable solar technologies. OSEIA’s mission is to make solar energy a significant energy source by expanding markets, strengthening the industry, and educating Oregonians about the benefits of solar energy.

CCSA is a national business-led trade organization that works to expand access to clean, local affordable energy nationwide through community solar. CCSA’s mission is to empower energy consumers, including renters, homeowners, and households of all socio-economic levels, by increasing their access to affordable, reliable clean energy.

The Solar Parties believe that the legislature intended, in enacting the 8% community renewable standard in ORS 469A.210, to meaningfully shape Oregon’s energy portfolio into a more diverse--and hence more resilient--resource by compelling utilities to increase substantially the small-scale renewable contingent of their supply portfolio. Small-scale renewable generation provides unique benefits to Oregonians including reduction of line losses and deferral of transmission upgrades, resiliency to localized disasters, and (in the case of non-utility owned generation) economic diversification. Presumably the legislature would not have passed such a statute if it believed that current levels of community renewable generation were sufficient. The Solar Parties applaud the Commission for undertaking this rulemaking to ensure that the 8% standard is meaningful, and suggests that the following changes to the Draft Rules will help ensure the standard is meaningful rather than merely an added layer of administrative accounting.

A. Measurement of the 8% standard needs modification

Draft Rule 3 (measuring compliance using forecasted peak load compared to the sum of the nameplate capacities of all eligible renewable resources) grossly overstates a utility's level of compliance with the 8% standard compared to more reasonable calculations of the 8% standard.

PGE advocated, in its September 28 comments, for comparing the sum of the nameplate capacities of all eligible renewable resources to the sum of the nameplate capacities of all utility resources. The Solar Parties support PGE's position, and calculates that PGE's obligation under its proposed method is at least 37% greater compared to the current Draft Rule 3. Using nameplate capacity of all of PGE's resources is straightforward and self-authenticating because the numbers are reported annually to FERC (except for power purchase agreements which can be verified from the contract itself). The same approach would work well for PacifiCorp, provided that its Oregon renewable resources and total system resources are allocated 25.7% to Oregon as suggested by Staff in the Draft Rules (to reflect Oregon's fraction of PacifiCorp's total interstate generation portfolio).

Alternatively, if the final rules were to use forecasted peak load as the denominator of the 8% standard, then to be consistent it should also use the peak-load contribution of each renewable resource. Either fraction (nameplate of renewables over nameplate of all resources, or peak load contribution to total peak load) is more correct than comparing nameplate of renewables to the total peak load.

If the Commission revises Rule 3 to use the sum of nameplate capacities for the denominator, it will have to decide how to account for power purchase contracts and other resources. The Solar Parties suggest the following additions to clarify application of the rules:

- * Long-term power purchase contracts, including Mid-C contracts, count at the maximum delivery rate allowed by contract (Maximum delivery rate is the closest analog to nameplate capacity of a utility-owned generator);
- * Where a utility lacks rights to the full output of a generation source, only the fraction of the source available to serve Oregon load shall be counted (e.g. part ownership of Colstrip);
- * Capacity purchased under a power purchase agreement should be based on the lesser of the nameplate of the generator(s) and the maximum delivery rate allowed by the contract (the utility should only credit what it has a legal right to receive to serve its native load);
- * Only facilities that have achieved commercial operation at the time compliance is measured should count towards the 8% standard;
- * Net metering should not count (as renewable utility generation or total utility generation) because it is not sold to or controlled by the utility; and

- * All utility owned generation listed by the utilities in FERC Form 1 be included (this includes small on-site generators with limited operation which the utility includes in its system reserves).

The Solar Parties believe that the above accounting will more accurately characterize the utilities' contingent of community based renewable generation.

B. Clarification of REC ownership requirements needed

The Solar Parties agree with Staff that the utility must control environmental attributes from a project in order for it to count towards the 8% standard, provided that an exception is made for environmental attributes claimed by owners and subscribers of Community Solar projects (whose RECs are retired but not owned by the utility). Community Solar projects should be treated comparably to projects that sell power and bundled RECs to the utilities under a PURPA power purchase agreement.

The rules also should clarify that only those environmental attributes needed to comply with the state RPS must be controlled by the utility. This clarification is necessary because standard QF power purchase agreements used by the utilities only transfer "RPS attributes", not all environmental attributes (present and future) from a project. This distinction is intentional because the Commission-approved renewable avoided cost compensates QFs only for those RPS attributes and QFs are not required to transfer any non-RPS attributes.

C. Duration of the 8% Standard should be indefinite

The Solar Parties agree with Staff that the 8% standard should be attained by 2025 *and* every year thereafter. Otherwise the Solar Parties expect the fraction of small renewable projects to decay starting in 2026, and nothing in the statute suggests that the legislature intended the 8% standard to be temporary.

D. Current and complete information from the utilities is needed to implement 8% standard.

In order to assess the utilities' progress towards the 8% standard more data are needed. The spreadsheet prepared by ODOE staff does not contain the nameplate capacity of each utility's energy portfolio, or other data necessary to model the suggested clarifications above. The data also do not indicate which of the included projects have unresolved fatal flaws (e.g. lack of transmission) that make their future development unlikely. The data also do not indicate whether the utility owns or controls the RPS attributes of a project. By adding such data to the spreadsheet, and filtering out potential projects that have not resolved all potential fatal flaws, the Commission can more accurately assess the utilities' progress towards the 8% standard. The Solar Parties urge the Commission to model the impact of its potential rules using complete and current data provided by the utilities, and to make that assessment available to all stakeholders.

E. A Community Renewable Avoided Cost may be needed to achieve the 8% standard.

The Solar Parties ask that the Commission carefully assess whether a small renewable avoided cost (separate from the existing renewable avoided cost) is necessary to ensure that utilities attain and continue to attain the 8% standard. The utilities' existing renewable avoided costs are based upon large facilities that do not accurately reflect the cost of under-20 MW community renewable generation projects. Such an avoided cost would be an effective method to ensure that the utilities attain and maintain compliance with the 8% standard. Without such an avoided cost (or an increase in today's published avoided cost rates), new small community renewable generation projects are unlikely to be developed, and existing ones are likely to shut down when their current PPAs expire.

Respectfully submitted,

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