BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

AR 622

In the Matter of Rulemaking for Community-Based Renewable Energy Projects.	Spark Northwest Preliminary Comments and Response to Staff Questions

September 28, 2018

To : Seth Wiggins and PUC Filing Center
Re : AR622 Community-based renewable 8% standard comments

Dear Seth Wiggins and PUC staff,

Please find below our preliminary answers to the questions posed by staff regarding the 8% Community-Scale Renewable Energy standard. While we have not consulted extensively with other groups on this yet, we do have a commitment as an organization to locally-controlled, affordable clean energy, and this policy serves as an important target for the state's economic development and energy objectives. Overall, our hope is that the standard is meaningful and leads to additional project development.

We also hope that you will conduct additional outreach about this with other cities, community groups, and people interested in small-scale renewable energy, job, and economic development.

Thank you for your consideration of these comments and we look forward to engagement in this process, either in person or via phone.

Sincerely,
Jaimes Valdez
Policy Manager
Spark Northwest

AR622 Questions : Responses of Spark Northwest

Rulemaking

1) Should the PUC be engaged in this rulemaking? If not, what other type of process should the commission undertake in order to provide subject utilities with guidelines for compliance?

   Yes, the PUC should engage in a rulemaking that clarifies the calculation and compliance with the 8% mandate.

Measurement

2) Should the PUC define how the 8 percent requirement in ORS 469A.210(2) will be measured?
   Yes, the PUC has a core role in defining how the 8% is measured and accounted for.

3) What does electrical capacity mean?
   This is of course one of the most important and contentious elements of the standard. As we know, previously the 8% standard was based as a percentage of the utility's load. Under the last minute changes in negotiation of SB 1547, this was changed to a "capacity based standard". To preserve the integrity of the original intent, and to make a meaningful impact on the state's energy system, we suggest that the definition of electrical capacity should be done using methodology of "average megawatts", or aMW. This provides a measure of the capacity of the resource to meet energy needs over time. It represents a resource's nameplate capacity multiplied by the capacity factor of the resource over the course of a year. For a resource with 100% capacity factor, one aMW is equal to 8,760,000 kWh. Spoken another way, a resource with a 50% capacity factor would yield 0.5 aWM.

   This methodology is well understood by utilities, regulators, and energy planners when discussing energy efficiency and resource planning needs, as well as renewable energy contributions to the grid. Energy Trust of Oregon also uses this method to talk about their programs.

A methodology that relies strictly on peak nameplate capacity will, in practice, overcount the energy contribution of renewables, leading to a fewer projects required to meet the standard. Perhaps this was the intent by some stakeholders in making the change to "capacity-based" standard, but it is a premise that we reject. The 8% community-scale renewable standard should be aspirational and lead to additional projects.

4) What does aggregate electrical capacity mean?
   Aggregate electrical capacity should mean the sum total of aMW of generation resources under contract or serving load of electrical companies that have over 25k retail electric customers.

5) How should an individual project's capacity be measured?
   An individual project's capacity should be measured using the same methodology that a utility would use to calculate the aMW of contribution that is done in Integrated Resource Planning (IRP) processes. I don't have extensive knowledge of the exact methodology, but I imagine that it takes into account the type of resource, local conditions (for renewables including stream flows, irradiance and wind speed), planned downtime and maintenance.
   Alternately, it could be done by calculating actual annual production, though for solar, wind, hydro and geothermal resources there could be variability year to year.

<u>Project Eligibility</u>

6) Should the PUC determine which projects are eligible to count towards the 8 percent requirement?
   Yes, the PUC should have a clear process to determine eligibility, such that project developers, community groups, and utilities are aware of that when planning for projects.

7) What process should the PUC follow to determine which projects are eligible?
   We don't have a specific list of criteria, but this process should be done with input from stakeholders, including community groups and local municipalities that may not yet be participating. If the 8% standard is an opportunity for community-led investment, it should have those voices at the table.

8) Which renewable projects should be eligible?
   a. Can eligible resources be utility-owned?
      While we do not currently have a strong position on this topic, we don't see anything in the statute that would prohibit utility ownership.

b. Does a utility need to demonstrate a contract length beyond 2025?
Yes, it would be silly for the legislature to intend the policy to apply simply to a single year in the future. The assumption should be that the standard continues to apply for years beyond 2025 as well, into perpetuity or until a 100% renewable energy economy is a reality in Oregon, in which case likely the 8% standard will be significantly exceeded. The language of the

c. Do existing PURPA projects under 20 MW qualify?
We do not have a strong position on this, but as long as the contract terms extend to 2025 and beyond, then it would seem that they would indeed qualify.

d. Do community solar projects qualify?
Under the PUC rules concerning community solar, there is a provision for the utility to sign a PPA with the project owner for a 20 year term. It seems that these systems should indeed qualify, and we want to see considerable growth and adoption of community solar. If this is a policy to further enable and provide value to these projects, we would support this.

e. Do net-metered projects qualify? (Including the gross portion?)
We may need to review this further, but generally net-metering systems do not sign contracts for specific lengths of time. As a prinicple, voluntary customer investments should not be used for compliance, and we have concern that the transaction cost of counting and calculating this for tens of thousands of individual projects may be burdensome. Net-metering systems already provide significant value to utilities in reducing the annual energy load that they need to serve, reducing customer usage, and reducing the calculated load that is subjected to RPS compliance. So in effect, there is a risk of "double counting" the contribution of net-metered customers. However, we are open to discussion of the merits of this, or how distributed generation and rooftop solar may be further incentivized positively if they are counted towards this mandate.

9) What locational restrictions are applicable?
   a. How should PacifiCorp's multi-state service territory be addressed?
   This is simple. The community-based resources that count towards the 8% standard should be located in Oregon. Regarding the aggregate capacity, that should be based on the contract stack that serves Oregon, regardless of location. It would seem strange for Oregon legislators to

pass a "community-based" standard that served primarily to enrich towns and people in other states. The word "community" can of course be used in many different ways and has no clear definition, often used to provide a veneer of positivity on policies and marketing. Perhaps legislators did indeed mean to support projects in Utah? If so, it would be good to get guidance from the legislators that were involved in the process of SB 1547.

10) Does a utility need to own the associated RECs of a qualifying project?
No, a utility does not need to own the RECs for compliance. This standard is separate from RPS targets, and it would be intensely complicated for numerous reasons to create "community-based RECs" as a mechanism to track this.

Compliance

11) Should the PUC determine compliance with the 8 percent mandate?
Yes, the PUC should determine compliance for the regulated investor-owned utilities. Other utilities that meet the 25k customer threshold would likely best be regulated by a state agency.

12) When does compliance occur?
It appears from the ORS 469A.210 statutes that compliance occurs in reviewing resources under contract in 2024, such that BY the time that the calendar year is 2025, the 8% standard is met.

13) How should the utility report progress?
The utilities should start reporting progress as part of their standard IRP process, and as a separate component of RPS compliance filings.

14) How should a utility demonstrate compliance?
We do not have a position on the exact mechanism of compliance, though imagine that it would involve an inventory of resources that serve utility load and their market power acquisition contracts.

15) What happens after 2025?
As stated before, the policy continues forward in perpetuity. Theoretically as the threshold for RPS increases after 2025, there will be resources that are retired as they reach their useful life, and new resources may need to be built to remain in compliance

Additional Questions

16) Do you have any other specific issues you would like addressed in this informal stage of this rulemaking that falls within the scope of this rulemaking as opened by the Commission in Order No. 18-322?

As this is an informal rulemaking, we simply suggest that commission staff do additional outreach throughout the state about the existence of this standard and the potential impact on cities, organizations and people around Oregon. It is my guess that very few people (even many in the environmental and policy space) are aware of this policy. It is something we should be proud of and should drive additional investment in smaller-scale projects around the state.

Additionally, clearly there is an interest in the ORS 469A.210 (3) related to economic development and job creation as a result of this standard. We would like to see rigorous, regular accounting and reporting on these metrics, including information about the racial and ethnic diversity of labor, wages paid, and health benefits. Though we realize ODOE is tasked with this element of the report, the PUC can play an important role in collecting relevant information from projects, or changing utility processes that help capture the impact of this 8% community-based renewable standard.