

ORDER NO. 11 173

ENTERED MAY 25 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1538

In the Matter of

GERDING EDLEN SUSTAINABLE
SOLUTIONS

Request for Waiver of 12-Month
Installation Requirement (OAR 860-084-
0210 (1))

ORDER

DISPOSITION: APPLICATION APPROVED

On April 21, 2011, Gerding Edlen Sustainable Solutions filed an application with the Public Utility Commission of Oregon (Commission) under OAR 860-084-000 (3) requesting a waiver of the 12 month installation requirement in OAR 860-084-0210 (1) for two solar installations.


A full description of the filing, its procedural history, and Staff's recommendation are contained in the Staff Report, attached as Appendix A and incorporated by reference.

At its Public Meeting on May 17, 2011, the Commission adopted Staff's recommendation to grant a three month extension for both installations to October 15, 2011.

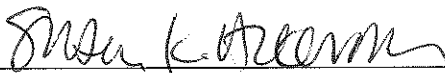
ORDER

IT IS ORDERED that Gerding Edlen Sustainable Solutions' request for waiver of the 12-month installation requirement for the installation of two solar systems is approved, with a three month extension to October 15, 2011.

Made, entered, and effective MAY 25 2011



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 17, 2011

REGULAR X CONSENT _____ EFFECTIVE DATE May 17, 2011

DATE: May 10, 2011

TO: Public Utility Commission

FROM: Moshrek Sobhy *MS*

THROUGH: *u* Lee Sparling, *MG* Maury Galbraith, and *LK* Lori Koho

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1538) Request by Gerding Edlen Sustainable Solutions (GESS) for a waiver of the 12-month solar system installation requirement pursuant to OAR 860-084-0210 (1).

STAFF RECOMMENDATION:

Staff recommends the Commission grant GESS's waiver request and extend the installation deadline for the Gladstone High School and Kraxberger Middle School solar installations to October 15, 2011.

DISCUSSION:

Beaverton School District (BSD) and Gladstone School District (GSD) (collectively the "Districts") are retail consumers of Portland General Electric (PGE) eligible to participate in the Commission's Solar Photovoltaic Pilot Program (Pilot). GESS, an independent developer, has been assisting the Districts to install solar photovoltaic systems (SPVS) at their facilities with no out-of-pocket expenses. According to GESS, REC Solar (the SPVS installer), and the Districts (collectively the "Parties"), the investors who will pay for the solar installations are interested in financing projects with a total installed capacity of 500 kW or larger.¹

In July 2010, GSD enrolled two 99 kW individual SPVS, at Gladstone High School and Kraxberger Middle School.² In October 2010, the Districts were able to add one location for GSD and three locations for BSD at 99 kW per location bringing the total

¹ See OAR 860-084-0130 for ownership and operation of eligible systems by third parties.

² A medium-scale system has a nameplate capacity greater than 10 kW and less than or equal to 100 kW.

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project capacity to 594 kW, which meets the investor's interest. On August 30, 2010, GSD filed interconnection applications with PGE within the required two months window.

The Parties are jointly requesting the Commission to waive the 12-month installation requirement and to grant a three-month extension to install the Districts' SPVS.

OAR 860-084-0210(1) provides:

"The capacity reservation for small-scale and medium-scale systems expires if a completed interconnection application is not filed within two months of the reservation start date, or if the system has not been installed within twelve months of the reservation start date."

Under the Commission's Pilot, the electric utilities pay the volumetric incentive rates (VIR) to eligible participants for the electricity generated by qualified SPVS. Participants in the Pilot may not receive incentive payments from the Energy Trust of Oregon (ETO) or the Business Energy Tax Credit (BETC) or Residential Energy Tax Credit (RETC) from the Oregon Department of Energy. These financial incentives are available to participants who choose the net-metering service under OAR 860-039-0005 et seq.

The preference for which model to choose is primarily dependent on the size of the project, the participant's financial conditions, and their interest in the project from an economic point of view. In this case, the Parties enrolled the SPVS under the Pilot. The structure of the project is based on obtaining third-party financing to install the SPVS.

There have been issues out of the Districts' control which have contributed to the Parties' inability to install the project within the required 12-month period. Primarily, the Parties state that administrative and legal issues regarding the applicability of the property tax exemption statute to third-party investors have caused delays in securing the necessary financing. This issue is the subject of House Bill 3516 in the current legislative session which may result in an amendment to the property tax exemption statute. In another instance, the project was delayed because a potential third-party investor wanted to make significant material changes to the project with respect to the panel types, installation cost and electricity savings to the Districts.

The Parties report that they have a third-party investor willing to finance the project. Due to the previous delays, they request a waiver of the 12-month installation requirement and an extension of the deadline until October 15, 2011 to install the project.

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Based on this information, Staff agrees that the Parties have demonstrated good cause to grant the waiver request pursuant to OAR 860-084-0000(3). Staff recommends allowing a short one-time three-month extension to install the SPVS. If the Parties are unable to meet the new deadline, then the allocated capacity can be released and made available in future election windows.

PROPOSED COMMISSION MOTION:

The Parties' request for waiver of the 12-month installation requirement for the installation of the Districts' SPVS be granted with a three month extension to October 15, 2011.

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