

ORDER NO. 24-162

ENTERED May 31 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1930

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Request to Approve Modification to Bill
Credit Reconciliation Method for
Community Solar Program Participants.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on May 28, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Nolan Moser

Chief Administrative Law Judge



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 Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 28, 2024**

REGULAR CONSENT EFFECTIVE DATE May 29, 2024

DATE: May 20, 2024

TO: Public Utility Commission

FROM: Joe Abraham

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

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Request to approve modification to bill credit reconciliation method for
Community Solar Program participants.

STAFF RECOMMENDATION:

Approve modification to bill credit reconciliation method for Community Solar Program participants.

DISCUSSION:

Issue

Whether the Commission should approve the modification to the bill credit reconciliation method for Community Solar Program (CSP or Program) participants.

Applicable Rule or Law

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 community solar energy systems.

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

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Pursuant to OAR 860-088-0090(2), a participant's ownership interest in, or subscription to, a project may not exceed the retail electricity customer's average annual consumption of electricity in the service territory in which the project is located.

In Order No. 19-438, the Commission adopted the Program Implementation Manual (PIM) and the policies contained therein, including Section 6.3.6, Annual Bill Credit Reconciliation.

The Commission approved updates to the PIM program policies and procedures therein Order Nos. 21-015, 22-007, and 23-325, the version of the PIM currently in force.

Analysis

Background

The CSP Program Administrator (PA) conducts an annual bill credit reconciliation analysis for active Program participants.¹ The analysis includes participants that have a billing history for the entirety of the most recent annual billing cycle ending March 31. In its analysis, the PA compares participant energy consumption against subscription size to determine if participants have oversubscribed during the annual billing cycle. If the PA determines that a participant has oversubscribed, the participant must repay to the utility the value of the bill credits received for the oversubscribed energy production. The PA calculates what participants must repay as follows:

Amount owed by participant = (subscription generated kWh - site consumption kWh) * bill credit rate.

As background, in Order No. 21-317 the Commission approved release of the remainder of the initial capacity tier, or Tier 2 capacity.² CSP projects that are Pre-Certified with Tier 2 capacity have a different bill credit rate than projects Pre-Certified with the interim tier capacity, or Tier 1 capacity. The Commission set Tier 1 capacity bill credits to the residential rate of each utility. However, the Commission set the residential bill credit rate for Tier 2 capacity in 2022 to the 2021 bill credit rate. The Commission also set the 2022 non-residential bill credit rate for Tier 2 capacity at ninety percent of the residential bill credit rate. Finally, the Commission added a two percent escalation rate to the PGE and PAC residential and non-residential bill credit rates beginning after 2022.

¹ CSP Program Implementation Manual Section 6.3.6. https://www.oregoncsp.org/wp-content/uploads/2023/09/2023-PIM-Revisions_Final-Version-v230921.pdf.

² Order No. 21-317. <https://apps.puc.state.or.us/orders/2021ords/21-317.pdf>.

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The annual billing cycle ending March 31, 2024, is the first in which participants can be subscribed to two or more projects that are Certified with Tier 1 and Tier 2 Program capacity. The PA has confirmed there are five CSP participants subscribed to Tier 1 and Tier 2 projects with a full year of billing history in this cycle. In this situation the reconciliation calculation would need to reflect the different bill credit rates for each project. There is no existing guidance on which bill credit the PA should use in determining the amount customers participating in both Tier 1 and Tier 2 projects must repay. As a result, Staff now seeks Commission approval to apply its proposed method in performing the 2024 Bill Credit Reconciliation Calculation.

Potential Modifications to Bill Credit Reconciliation Calculation

Staff considered several potential modifications to the reconciliation calculation to accommodate participation in both Tier 1 and Tier 2 projects. To identify a durable solution for the Program, Staff considered the following requirements in its analysis of potential modifications to the calculation:

- Accounts for scenarios in which participants are both owners and subscriber in CSP projects.
- Addresses participants who receive off-bill benefits.
- Accommodates participants subscribed to multiple projects.
- Addresses bill credits from projects only active for a portion of the annual billing cycle or which become inactive during an annual billing cycle.
- Aligns with existing program structure.
- Minimizes over or under-recovery of bill credits.

Based on these considerations, Staff determined the best way to address participation in both Tier 1 and Tier 2 projects is to average the bill credit rates of all projects a participant is subscribed to, as follows:

Amount owed by participant = (subscription generated kWh - site consumption kWh) * average bill credit rate.

Averaging the Tier 1 and Tier 2 bill credit rates adequately address Staff's considerations and provides a durable solution for the Program. It accounts for both subscriptions and ownership credits provided on-bill and does not impact off-bill benefits. Averaging bill credit rates accommodates participants subscribed to one or numerous projects and can be pro-rated to account for projects with less than a year of billing. It also recaptures an amount for the bill credit consistent with the benefit received by the participant. Finally, Staff finds that averaging is significantly less likely than other

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potential modifications to result in over- or under-recovery of bill credits related to excess generation.

For a participant in both Tier 1 and Tier 2 projects, Staff does not find it appropriate to designate one project as responsible for excess generation because CSP bill credits from all projects are applied at the same time. Instead, Staff finds that averaging the bill credits sets a reconciliation value that best aligns with the benefit the participant received. Staff also recognizes that averaging a participant's bill credit rates will not exactly match with the actual bill credit amount the participant receives. However, Staff finds averaging bill credit rates is conceptually consistent with ensuring a participant does not retain bill credit value associated with excess generation.

In application of the average bill credit in the reconciliation calculation, the "average bill credit rate" is the average of the Tier 1 and Tier 2 bill credit rates, regardless of how many Tier 1 and Tier 2 projects the participant is subscribed to during the annual billing cycle. As a result, the average bill credit rate for a participant subscribed to one Tier 1 project and one Tier 2 project would be the same as for a participant subscribed to two Tier 1 projects and one Tier 2 project.

Second, the average bill credit rate would be used in the calculation so long as the participant is successfully billed for participation in a Tier 1 and Tier 2 project for at least one billing month of the annual billing cycle. As a result, the average bill credit rate for a participant concurrently billed for participation in one Tier 1 and one Tier 2 project for a full twelve months would be the same as for a participant billed for participation in one Tier 1 project for the first three months and one Tier 2 project for the remaining nine months of the annual cycle.

Conclusion

Staff identified the need to modify the PA's reconciliation analysis to accommodate participants subscribed to Tier 1 and Tier 2 projects. Following an analysis of several potential options, Staff determined that averaging project bill credit rates satisfies important considerations and is the best modification it considered. Should the Commission approve Staff's recommendation, Staff anticipates incorporating this modification into a series of PIM updates that Staff expects to recommend to the Commission later in 2024.

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PROPOSED COMMISSION MOTION:

Approve modification to bill credit reconciliation method for Community Solar Program participants.

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