

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1930

In the Matter of Joint Application

PUBLIC UTILITY COMMISSION OF
OREGON,

Community Solar Program
Implementation.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 30, 2025, 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:



Alison Lackey
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.

ITEM NO. RA2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 30, 2025**

REGULAR X **CONSENT** **EFFECTIVE DATE** October 1, 2025

DATE: September 23, 2025

TO: Public Utility Commission

FROM: Joseph Abraham

THROUGH: Caroline Moore and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Expansion of carve-out capacity in the Community Solar Program.

STAFF RECOMMENDATION:

Expand Community Solar Program (CSP) carve-out capacity by 20 MW in Portland General Electric and 30 MW in PacifiCorp service areas, revise carve-out eligibility for CSP projects, and direct Staff to file updates to the Program Implementation Manual (PIM) reflecting this decision.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should expand Community Solar Program (CSP) carve-out capacity in Portland General Electric and PacifiCorp service areas by 20 MW and 30 MW, respectively, and revise carve-out eligibility for CSP projects where the Project Manager is a renewable energy cooperative.

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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 a community solar energy system.

ORS 757.386(6)(a) specifies that electric companies shall credit CSP participants for their proportional shares of CSP project generation in a manner that reflects the resource value of solar (RVOS) and directs the Commission to determine RVOS. However, ORS 757.386(6)(b) provides that the Commission may adopt a rate for an electric company to use in crediting a participant's electric bill that does not reflect the RVOS if the Commission has good cause to adopt the different rate.

In Order No. 18-088, the Commission determined there is good cause to develop an interim alternative bill credit rate in lieu of RVOS, due to issues of timing and value associated with the application of RVOS as the initial CSP bill credit rate.

In Order No. 19-392, the Commission established the bill credit rate for the interim capacity tier at the residential retail rate of each utility.

In Order No. 17-232, the Commission adopted formal rules for the CSP under OAR Division 88 of Chapter 860.

OAR 860-088-0060(2) established the Program's "initial capacity tier" as 2.5 percent of each electric company's 2016 system peak load.

In Order No. 21-317, The Commission approved release of the remainder of the initial capacity tier.

Analysis

Background

In Q2 2025 Staff identified a pipeline of developing Community Solar Program projects eligible for carve-out capacity expected to request Pre-certification in the Program through 2026. These projects are likely to leverage time-limited external funding and cumulatively exceed remaining CSP carve-out capacity. In response, and through a public process, Staff developed a proposal to provide certainty for those projects and to align with current Program design and goals.

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The Oregon Public Utility Commission officially launched CSP in 2020 with a focus on the following goals:

- Establishing equitable access to solar generation benefits and incentives,
- Focusing the benefits of participation in CSP on the most energy-burdened utility customers,
- Facilitating customer access to available projects,
- Promoting residential participation and benefits, and
- Achieving goals at the lowest impact to ratepayers.¹

In Order No. 19-392, the Commission reserved 25 percent of the interim tier (Tier 1) of CSP capacity in Portland General Electric (PGE) and PacifiCorp (PAC) service areas for small and community-based “carve-out” projects.² The intent for carve-out capacity was to support small projects less than 360 kW-AC and projects that either: (1) serve substantial numbers of low-income participants or people from underserved communities; or (2) demonstrate significant community-level control or leadership in the development process.

Project Capacity and Order No. 21-317

In Order No. 21-317, the Commission released the remaining Program capacity in the initial capacity tier (Tier 2) with 25 percent of Tier 2 capacity in PGE and PAC reserved for carve-out projects.³ The Commission directed:

Staff not to propose further expansion beyond the initial capacity tier until and unless two conditions are met: (1) the initial 160 MW of available capacity is fully subscribed; and (2) the fundamental program design has been reconsidered and we are presented with options that may allow us to meet legislature's intent with a significantly improved balance between cost and value to ratepayers.⁴

While Staff's proposal to expand carve-out capacity does result in the program exceeding 160 MW, its proposal is limited in scope to only address a near-term

¹ See Docket No. UM 1930, Commission Order No. 22-007, January 11, 2022, Appendix A, p. 3, <https://apps.puc.state.or.us/orders/2022ords/22-007.pdf>.

² See UM 1930, Order No. 19-392, November 8, 2019, <https://apps.puc.state.or.us/orders/2019ords/19-392.pdf>.

³ See Docket No. UM 1930, Order No. 21-317, September 27, 2021, <https://apps.puc.state.or.us/orders/2021ords/21-317.pdf>.

⁴ *Id.*

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need for carve-out projects in development that would otherwise not have an opportunity to participate in CSP. Staff's goals and considerations for this limited expansion are different than the Tier 1 and Tier 2 capacity decisions or a general expansion of the Program. The proposal is also targeted to support projects that would provide the greatest community benefits in terms of low-income participation and bill discounts, and that are likely only achievable in the near-term with unique external funding opportunities. Also, the cost impacts of this expansion are minimal enough to give the Commission and stakeholders more time before dedicating resources to in-depth consideration of broader Program design elements and of the contemporary policy landscape.

Proposal Elements

Below Staff discusses the two components of its recommendation, expanding carve-out capacity and revising carve-out eligibility, and addresses stakeholder input. Stakeholder feedback was received through a public process consisting of two workshops, publication of Staff's draft proposal, and a public comment period. Participating parties included Project Managers (PMs) and project advocates, funding entities for carve-out projects, supporting government agencies, community advocates, and participating utilities.

Expand Carve-out Capacity

Table 1 below summarizes the pipeline of community-driven CSP projects Staff identified in Q2 2025. In response, Staff released a draft proposal to offer a targeted amount of additional carve-out capacity to provide certainty for those projects until the requirements of Commission Order No. 21-317 can be fulfilled. Staff understands that nearly all the projects in Table 1 plan to leverage funding from the U.S. EPA Solar for All grant (SFA) or the City of Portland Clean Energy Community Benefits Fund (PCEF). Because of the requirements and expectations of these funding sources, Staff expects the projects would achieve significantly greater low-income participation and, in some cases, increased utility bill discounts for low-income customers. These attributes align with the Commission's intent for the carve-out and priorities regarding affordability.

Table 1. Staff-identified Carve-out Eligible Project Pipeline (Q2 2025)

Lead Project Manager Entity	Number of Projects in Development	Approximate Total Capacity (MW-AC)
Bonneville Environmental Foundation	11	13.8
Farmers Conservation Alliance	5	12.0
Oregon Clean Power Cooperative	5	8.5

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Staff expects many of these carve-out eligible projects now in development would not be able to participate in CSP because the aggregate capacity of the project pipeline is greater than the remaining unallocated carve-out capacity in the Program. Table 2 below summarizes unallocated capacity, project demand, and capacity deficit by service areas.

Table 2. CSP Capacity Availability, Demand, and Deficit by Utility Service Area

Utility	Unallocated Carve-out Capacity (MW-AC) ⁵	Capacity Demand (Project Pipelines) ⁶	Capacity Deficit
PAC	1.28	28.5	27.22
PGE	11.28	1.2	0
Total	12.56	29.7	27.22

To provide near-term certainty for these projects already in development, Staff recommends the Commission approve an additional 30 MW of carve-out capacity in PAC and 20 MW in PGE. Staff believes this size of expansion can be released without triggering the risks that led to the Commission direction on capacity expansion in Order No. 21-317. Staff proposes this carve-out capacity be released under the current Tier 2 bill credit and subscription requirements, described below, without modification.

- Set the residential bill credit rate for 2022 equal to the 2021 bill credit rate, and set the non-residential bill credit rate for 2022 at 90 percent of the residential bill credit rate;
- Add a two percent escalation rate to the PGE and PAC residential and non-residential bill credit rates beginning after 2022;
- Require a minimum of 50 percent of a project's capacity be allocated to residential customers, inclusive of the minimum 10 percent allocated to low-income residential customers; and
- Require a PM's subscription fee for low-income participants to be set at least 40 percent below the bill credit rate.⁷

⁵ Table 2 provides capacity as of September 15, 2025.

⁶ Table 2 provides capacity demand of project pipeline as of September 15, 2025. Since Staff identified the project pipeline in Q2 2025, four projects representing 4.6 MW of carve-out capacity have been Pre-certified in PAC. This explains the 4.6 MW difference in the capacity demand of the pipeline between Table 1 (34.3 MW) and Table 2 (29.7).

⁷ See Docket No. UM 1930, Order No. 21-317, September 27, 2021.

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Stakeholder Support for Expanding Carve-out Capacity

A number of stakeholders provided comments in support of Staff's proposal including Verde, Bonneville Environmental Foundation, ZERO Coalition, Coalition for Community Solar Access, and Solarize Rogue (Joint Stakeholders); Oregon Clean Power Cooperative (OCPC); Multnomah County Office of Sustainability (Multnomah County); City of Portland Bureau of Planning and Sustainability (City of Portland), Energy Trust of Oregon, and the Oregon Solar + Storage Industries Association (OSSIA).

City of Portland notes that existing grantees of its Portland Clean Energy Community Benefits Fund (PCEF) are developing CSP projects that would directly benefit from Staff's proposal. Energy Trust indicates an expansion of carve-out capacity supports its multi-year goals and performance goals for supporting low- and moderate-income customers. As a sub-awardee of Oregon's SFA grant, Energy Trust also sees the proposed expansion as critical to accomplishing grant goals. This includes supporting approximately 24 MW of projects that allocate at least 50 percent of capacity to low-income customers, reducing the energy burden for approximately 2,600 low-income households.⁸

Stakeholder Opposition to Expanding Carve-out Capacity

PAC comments that the costs for its non-participating customers are too large, in particular for its low-income customers. PAC also raises concerns that Staff's proposal disproportionately increases cost to PAC's non-participating customers relative to PGE. PGE similarly raises concerns about the cost of CSP under the current Program design, and notes that lower cost pathways are available to drive community benefits while pursuing non-emitting resources. The Company encourages the Commission to decline to make an exception to its direction in Order No. 21-317. Instead, PGE recommends the Commission direct the Program Administrator (PA) to recommend removing pre-certified projects from the Program where the developer has failed to follow Program rules and timelines. Under PGE's proposal, the Commission could remove the projects from the Program and make that capacity available to carve-out projects seeking Pre-certification, with a focus on projects with specific attributes such as local non-profit PMs, and inclusion of SFA and PCEF funding.

Staff appreciates PGE's solution-oriented approach and supporting opportunities that maximize community benefits without adding Program costs. While Staff recognizes that it may be appropriate to remove projects from the Program under some

⁸ Staff notes that on August 7, 2025, the Oregon Department of Energy (ODOE) received a letter from the U.S. Environmental Protection Agency stating cancelation of all SFA funding, which ODOE is currently disputing.

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circumstances, analysis to-date of many CSP project development and interconnection delays suggests this approach would not yield sufficient carve-out capacity, or occur in a timeframe, to accommodate the current project pipeline.

Estimated Program Costs and Ratepayer Impact

Staff estimates an addition of 50 MW of carve-out capacity will result in \$92.8 Million in additional ratepayer impact over the duration of the Program. This estimate assumes all expanded capacity will operate as CSP projects for twenty years. Table 3 apportions this estimate to each utility service area, compares to Staff's estimated ratepayer impact of the current 160MW Program and contextualizes this impact as a percentage of utility revenue requirements.

Table 3. Estimated Ratepayer Impact of Current and Proposed Capacity (Real 2024\$)

Utility	Impact of Current Program Capacity (160MW-AC)	Impact of Proposed Carve-out Expansion (50MW-AC)	Impact of Expansion as Percentage of Utility Revenue Requirement
PGE	\$180.2M	\$37.6M (20MW)	0.065% ⁹
PAC	\$119.6M	\$55.2M (30MW)	0.137% ¹⁰
IPC	\$3.3M	N/A	N/A
Total	\$303.1M	\$92.8M	N/A

In response to stakeholders, Table 4 provides Staff's estimated ratepayer impact of the current 160 MW Program and for the proposed carve-out expansion on typical monthly residential bills in PGE and PAC.

Table 4. Estimated Average and Largest Impact of Current and Proposed Capacity on Monthly Residential Bills (Real 2024\$)

Utility	Impact of Current Program Capacity (160MW-AC)	Impact of Proposed Carve-out Expansion (50MW-AC)	Impact of Current Program and Proposed Expansion (210MW-AC)
PGE	\$0.27 (\$0.45)	\$0.07 (\$0.09)	\$0.34 (\$0.54)
PAC	\$0.23 (\$0.38)	\$0.13 (\$0.17)	\$0.36 (\$0.55)

⁹ See workpapers filed with Advice No. 24-39 in compliance with Order No. 24-454 in UE 435 for PGE's current revenue requirement.

¹⁰ See Docket No. UE 433, Advice No. 24-024, Attachment 1, pg. 90 for PAC's current revenue requirement. <https://edocs.puc.state.or.us/efdocs/UHR/ue433uhr333825025.pdf>.

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Staff notes that the estimates in Tables 3 and 4 currently do not reflect all potential additional PA costs associated with the proposed carve-out expansion. Additional PA costs associated with expanding the carve-out will mainly consist of PA resources to recruit and onboard additional low-income participants. Staff does not expect any additional PA costs to meaningfully affect estimated ratepayer impacts in Table 3 or Table 4.

In response to PGE and PAC concerns about costs, Staff maintains its proposal appropriately balances the intent of the Program to support projects with significant community benefits with the desire to engage in a broad review of Program design prior to any general expansion. Staff's goals and considerations for this carve-out expansion are different than the Tier 1 and Tier 2 capacity decisions. In this instance, the cost impacts of this targeted expansion are minimal enough to justify support of capacity for carve-out projects likely only achievable in the near-term. The approach provides more time before dedicating resources to in-depth consideration of broader Program design elements and of the contemporary policy landscape.

Stakeholder Proposals for Broader Program Design Changes

Staff also received comments from stakeholders seeking Commission support for broader Program design changes not reflective of Staff's narrow recommendations. OSSIA requests the Commission set a timeline for a Staff-led process to consider Program changes leading to expanding overall capacity. Narrower in scope, the City of Portland finds the Commission should continue to expand opportunities for CSP projects, and Multnomah County requests the Commission adopt language that triggers a new process to evaluate additional carve-out expansions in the future. Similarly, the Joint Stakeholders request the Commission signal openness to additional carve-out expansions in future and establish a formal Program review trigger.

Refine Carve-out Eligibility

Staff additionally proposes narrowing carve-out eligibility by requiring projects that seek eligibility solely because the PM is a renewable energy cooperative to also demonstrate an established track record of developing or financing community-led or controlled renewable energy projects.

The proposed change to carve-out eligibility rules reflects recent insights from two projects Pre-certified in Q2 2025. Carve-out eligibility for both projects was established

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solely because the PM is a renewable energy cooperative,¹¹ and Staff understands the cooperative was established in February 2025. While Staff is not concerned with the participation of these projects in the carve out, this did raise awareness of potential for misuse of carve-out capacity.

Current carve-out eligibility rules do not require the projects to be community-led or controlled, or to subscribe more than ten percent of capacity to low-income or underserved subscribers. With very limited regular market capacity remaining in the Program, Staff finds the current carve-out eligibility rules insufficient to prevent project developers from establishing cooperative PMs for carve-out eligibility purposes only. This creates the risk of new carve-out eligible projects that may be inconsistent with the Program's intent. Comments submitted by the Joint Stakeholders echo Staff's observation and express concern for misuse of the carve-out.

Staff's draft proposal addressed this issue by removing renewable energy cooperatives from the list of PM entities that, alone, constitute eligibility for carve-out capacity.¹² At that time, Staff understood that cooperative PMs would not be restricted in the kinds of projects they could develop by retaining the other eligibility requirements available. In its comments, OCPC cites the limitations of those other eligibility requirements and how they would impact OCPC's ability to work with certain communities interested in developing CSP projects. To address Staff's concern and not adversely impact potential community-led or controlled projects, OCPC recommends refining existing eligibility rules to align with Oregon Revised Statutes governing renewable energy cooperatives.¹³ Specifically, OCPC recommends requiring cooperative PMs to only have individuals as members, or maintain a minimum number of members, such as 25 or 50. OCPC also suggests requiring cooperative PMs to have an established track record of developing or financing community-controlled or led renewable energy projects.

OSSIA commented that Staff's proposed changes would harm existing cooperative PMs and their future projects and is based only on potential future risks. Staff agrees that it has yet to see harm to the Program resulting from current eligibility rules. However, Staff is focused on its priorities driving the most impactful community benefits and

¹¹ See Docket No. UM 1930, Program Administrator's Project Recommendation, March 21, 2025. <https://edocs.puc.state.or.us/efdocs/HAH/um1930hah335609026.pdf>; Currently there is only one other cooperative PM in the Program.

¹² See Staff's proposal in Docket No. UM 1930, May 21, 2025. <https://edocs.puc.state.or.us/efdocs/HAH/um1930hah336919026.pdf>.

¹³ See ORS 441-025-0122. <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=113597>.

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focusing on the most energy burdened customers at this time of affordability challenges and erosion of federal support systems. As a practical refinement of existing rules, Staff finds the additional requirement for cooperative PMs would sufficiently disincentivize PMs from establishing cooperatives for the purposes of carve-out eligibility only and developing projects inconsistent with the Program's intent for the carve-out. Staff finds the additional requirement would also not harm PMs intending to develop carve-out projects consistent with the Program's intent, as they may still participate in the carve-out if they meet other eligibility requirements.

Additional Stakeholder Concerns about Project Barriers and Utility Cost Recovery

The City of Portland supports greater certainty for project development timelines, including removal of burdensome interconnection barriers and streamlining administrative issues. Staff appreciates this perspective and looks forward to making progress on these goals in other dockets.

Unrelated to interconnection, the Joint Stakeholders have requested greater transparency in how CSP costs are recovered from ratepayers. Staff also appreciates this recommendation and looks forward to providing stakeholders with greater clarity on how CSP costs are being recovered from ratepayers.

Guardrails for Implementation

Staff feels the size of the proposed expansion is low-risk and does not warrant changes to current Program design. That said, the Program's existing mechanisms, rules, and processes are sufficient to ensure an expansion of carve-out capacity will be managed and implemented consistent with the Program goals. Those mechanisms include the following:

- The PA confirming at Pre-certification that projects demonstrate meeting, or attesting to meet, all applicable Program requirements prior to securing CSP capacity;
- The PA and Staff confirming projects meet Program requirements prior to recommending the Commission grant Certification in CSP;
- After Certification, the PA ensuring projects continue to meet all applicable requirements while in the Program; and
- The Commission's ability to revoke a project's Pre-certification or Certification should it find the project does not meet all Program requirements.¹⁴

¹⁴ See OAR 860-88-0200, Revocation of Pre-Certification and Certification.
<https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=301147>

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Should Staff find that projects are developing in ways inconsistent with Program goals, Staff would bring a proposal forward as needed to address and mitigate.

Staff also recognizes that the potential for the project pipeline it has identified may not yield commensurate project Pre-certification requests as currently anticipated. This could result from several factors affecting project feasibility. Should any capacity remain 36 months after a Commission decision to expand carve-out capacity, Staff may, as the Joint Stakeholders requested, return to the Commission and recommend appropriating any remaining unallocated capacity to another participating utility service area where demand is greater than capacity.

Conclusion

To address a near-term need for additional capacity, Staff recommends the Commission grant a limited expansion of carve-out capacity. Staff appreciates stakeholder comments, which are divided on Staff's recommendations. Staff recommends the Commission expand carve-out capacity in the Program in a manner that is targeted and limited enough to avoid the need for a broader program design review. Staff believes Program costs and benefits should be discussed in a future process with the broader context of renewable energy resources, affordability and community benefits.

PROPOSED COMMISSION MOTION:

Expand Community Solar Program carve-out capacity by 20 MW in Portland General Electric and 30 MW in PacifiCorp service areas, revise carve-out eligibility for CSP projects, and direct Staff to file updates to the PIM reflecting this decision.

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