ORDER NO. 26-437

ENTERED Nov 10 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1930

In the Matter of PUBLIC UTILITY COMMISSION OF OREGON, Community Solar Program Implementation.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 10, 2026, 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 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: November 10, 2026

REGULAR X **CONSENT** ____ **EFFECTIVE DATE** **November 11, 2026**

DATE: November 2, 2026

TO: Public Utility Commission

FROM: Joseph Abraham

THROUGH: Caroline Moore, Nora Xu, and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1930)
Staff request to modify the transition to ongoing costs specified in Order No. 19-392 to align administration costs and revenue in the Community Solar Program.

STAFF RECOMMENDATION:

Modify the definition of "start-up costs" and "ongoing costs" adopted in Order No. 19-392, as described in this memorandum, to allow Staff opportunity to implement its plan to align Community Solar Program administration costs and revenue; direct Staff to report back to the Commission in 2029 at the commencement of a new PA contract. Direct utilities to continue tracking Program administration costs and fee revenue, identify and implement efficiencies, and report to Staff as requested.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Staff's request to modify how "start-up" and "ongoing" costs are defined for purposes of cost recovery to allow implementation of Staff's plan to align Oregon Community Solar Program (CSP or Program) administration costs and fee-based revenue; and direct utilities to continue tracking Program administration costs and fee revenue, identify and implement efficiencies, and report on both to Staff as requested.

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(7)(c) provides that all start-up costs prudently incurred during the development or modification of the program established under ORS 757.386 are recoverable in the rates of an electric company.

ORS 757.386(7)(d) provides that owners and subscribers shall bear all ongoing costs incurred during the continued administration of the program established under ORS 757.386.

Order No. 19-392 specifies several elements of the CSP, including the definition of "ongoing costs" and "start-up costs" for purposes of cost recovery, excluding LI participants from paying administration fees, requiring minimum subscription fee discounts.

Analysis

Background
In Order No.19-392, the Commission set fees for Program administration and utility administration based on Staff's projections of administration costs in 2019, prior to Program launch. Operational CSP projects or their non-low-income subscribers (participants) pay an administration fee that pays for costs of the CSP Program Administrator (PA). Participants also pay an administration fee to each participating utility for the costs of their CSP administration. Both administration fees are based on a percentage of capacity subscribed to non-low-income subscribers. The fees have not changed over the course of the Program.

One of the key decisions the Commission made pre-launch was establishing the fee paid to the PA. The Commission considered several combinations of program size and PA fee levels that would allow the program to transition from "start up" to "ongoing", where administration fees cover the full cost of the PA and no longer require ratepayers to fund a portion of PA costs. For example, Staff estimated that a PA fee of $2.46 per kW per month would allow all PA costs to be covered by participants when 25 percent of the initial capacity Tier, or 40.3 MW, was operating and billing. Staff also estimated that a fee of $1.50 allowed for a transition at 50 percent of capacity, or 80.5 MW, a $1.00 fee allowed transition at 75 percent of program capacity, or 120.8 MW, and a fee of $0.85 allowed transition at full program capacity, or 161 MW. These combinations of

program size and participant administrative fee were based on the Program administrative costs and total size of the CSP known during this pre-launch program design phase.

In 2019 Staff recommended the following:

- Establish ongoing administrative fees for participants and Pre-certification applicants at the level required to recover ongoing costs when 80 MW of CSP capacity are subscribed and billing.
- Before 80 MW of CSP capacity is subscribed and billing:
    - Collect the full administrative fee from participants.
    - Collect $5/kW Pre-certification application fee from Project Managers (PM).
    - Backfill unfunded administrative costs with ratepayer funds until 80 MW is subscribed and billing.
- Once 80 MW of CSP capacity is subscribed and billing:
    - Collect the full administrative fee from participants.
    - Collect the full pre-certification application fee from PMs.
- If the program has not reached the 80 MW subscribed and billing 24 months following pre-certification launch, pause pre-certification to determine the appropriate next steps.

In Order No. 19-392, the Commission ordered that "[t]he general participant administrative fee will be set at a level assuming full participation in the program's initial capacity tier (~160 MW)[,]" which was $0.85 per kW per month for all utilities. Implicitly, therefore, the Commission established the transition between "start-up" and "ongoing" costs for purposes of cost recovery to be when 160 MW of capacity were subscribed and billing in the Program.

The CSP launched with a PA fee of $0.85/kW/mo. Currently the CSP has 211 MW of total capacity. This includes the 161 MW initial capacity tier and the 50 MW expansion of "carve-out" capacity the Commission approved in 2025 in Order No. 25-392. Carve-out capacity is reserved for projects that are either less than 360 kW-AC, reserve 50 percent of capacity for low-income subscribers, or include community leadership or control.

As of October 27, 2026, the Program has 54 operational projects totaling 105.5 MW. MW. Of the 211 MW in CSP, there is 71 MW of unallocated capacity, with 69 MW reserved for carve-out eligible projects. Of the remaining 71 MW of unallocated capacity, 38.3 MW is in Portland General Electric (PGE), 32.7 MW is in PacifiCorp (PAC), and 330 kW is in Idaho Power (IPC) service areas.

After some investigation, Staff has concluded that revenue collected from Program participants and owners will be insufficient to cover the ongoing cost of Program administration when 160 MW, or even the full 211 MW, of capacity is subscribed, under a business-as-usual approach.

From 2019 to Q3 2025, PA costs totaled approximately $16M, while PA fee revenue, which is only collected from operational projects, grew from $32,000 in 2021 to $624,000 in 2025. Since Q3 2025 and through September 30, 2026, PA costs were $2.19M and PA fee revenue was $810,615. Staff made decisions in 2025 to fund PA services reflecting the Commission decision in Order No. 25-392 to expand the Program carveout capacity by 50 MW. While this deficit is forecast to decrease as more projects come online and pay PA fees, program administration costs will continue to outpace revenue without structural Program changes.

After identifying this gap in PA costs and fee revenue, Staff led a public process in summer 2026 to gain stakeholder feedback on how to address the differential between the costs to administer the Program and revenues collected from Program participants and owners to fund Program administration. Staff identified several levers that can be used to right-size revenue to administrative costs: lower administrative costs, increase revenue from administrative fees, and adjust expectations for the program size that will facilitate the transition to ongoing.

In this Staff report, Staff outlines a proposed plan to implement Program changes intended to result in a self-sustaining Program at a reasonable program size. To allow opportunity to implement this plan while ensuring the Program remains consistent with ORS 757.386(7)(d), Staff asks that the Commission modify the definitions of “start-up costs” and “ongoing costs” of the Program adopted in Order No. 19-232. Specifically, Staff recommends the Commission amend the order to specify that start-up costs include Program Administration costs incurred through December 31, 2031, and that “ongoing costs” include Program Administration costs incurred thereafter.
As discussed below, Staff does not necessarily intend that Program Administration costs will be paid in part by all ratepayers through 2031. Instead, such costs will only be collected from all ratepayers so long as revenues from participants and owners are insufficient to cover the full costs of Program Administration. Staff hopes to reach that point before the end of 2031. However, Staff’s proposed definition will provide sufficient opportunity for Staff and the Commission to implement changes to the CSP to reduce costs of the program and increase revenues paid by participants and owners for administration, while remaining consistent with the cost recovery provisions of ORS 757.386.

Proposed Plan to Reduce PA Costs

Staff's plan to reduce PA costs and increase PA revenue is in part based on low, medium and high operational capacity scenarios:

- A low 139 MW capacity scenario reflects the current 54 operational projects and 26 Pre-certified or Certified projects becoming operational. The scenario reflects regular market projects consistently subscribing the required minimum 10 percent of capacity to low-income participants, while Staff observes carve-out projects currently average 37 percent. The scenario also assumes no additional delays for project development or interconnection, with 80 projects and 139 MW of operational capacity in Q4 2028.

- A medium operational capacity scenario of 161 MW medium capacity includes development of all capacity in the low 139 MW scenario, plus an additional 21 MW of operational capacity, by Q4 2028. Nearly all of the 21 MW would be carve-out capacity, with Staff assuming the current percent average subscribed to low-income participants. This scenario represents development of all program capacity available prior to Order No. 25-392 in October 2025 when the Commission expanded carve-out capacity by 50 MW.

- A high 211 MW scenario includes development of all capacity in the 161 MW scenario as well as development of the additional 50 MW of carve-out capacity by Q4 2030. Staff again assumes the 50 MW of the additional carve-out capacity will be subscribed by the same percent of low-income participants.

Should external project funding for additional carve-out projects be reinstated through the U.S. EPA Solar for All program, Staff will seek to update its understanding of how those funds would again stimulate development of remaining carve-out capacity. Staff intends to track other local funding opportunities including Energy Trust of Oregon incentives and The City of Portland's Clean Energy Fund to better understand other opportunities for carve-out project development in the near term.

Public Process and Review of Program Cost and Revenue Levers
Staff has led a months-long stakeholder engagement process to develop a plan to align Program administration costs and revenues, starting with publication of an initial proposal in May 2026 for stakeholder comment.[1] Staff then led workshops in July and

[1] See Staff's initial proposal on aligning CSP administrative costs and revenues in Docket No. UM 1930, published on May 12, 2026: https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAH&FileName=um1930hah346194039.pdf&DocketID=21222&numSequence=769.

August on reducing PA costs and increasing revenue for Program Administration.[2,3] Following the two workshops Staff published a revised proposal in September 2026, resulting in additional stakeholder comments addressed in this memo.[4]

Throughout its process Staff intended to reflect and balance relevant long-standing decision-making considerations for establishing or modifying Program design. Those principles include:

- An overarching objective of CSP providing equitable opportunity for consumers otherwise unable to access the benefits of solar generation;
- Consumer protections, including Commission-approved CSP contract templates that requires explicit participant consent for modifications except for a narrow set of modifications;
- PMs need a reasonable understanding of the administrative fees a project will incur at Pre-certification and over the life of the project; and
- PMs need to meet a minimum threshold for anticipated financial returns.

Program Administration Costs
Staff provides an overview of key administrative costs, current functions, and expectations for the future before identifying pathways for cost reduction and stakeholder comments.

Program administration costs are incurred by the PA and participating utilities. The PUC contracts with the PA through a request for proposal process and currently holds a contract through December 2028. At a high level, the scope of the PA includes overall operation of CSP, including managing projects, data, and Program funds; ensuring low-income participation and consumer protections; and supporting Staff policy analysis and recommendations. PA costs are aligned with administrative effort and have been highest as the PA has built IT infrastructure and various Program systems but also remain high as core processes and activities such as project Pre-certification, Low

---

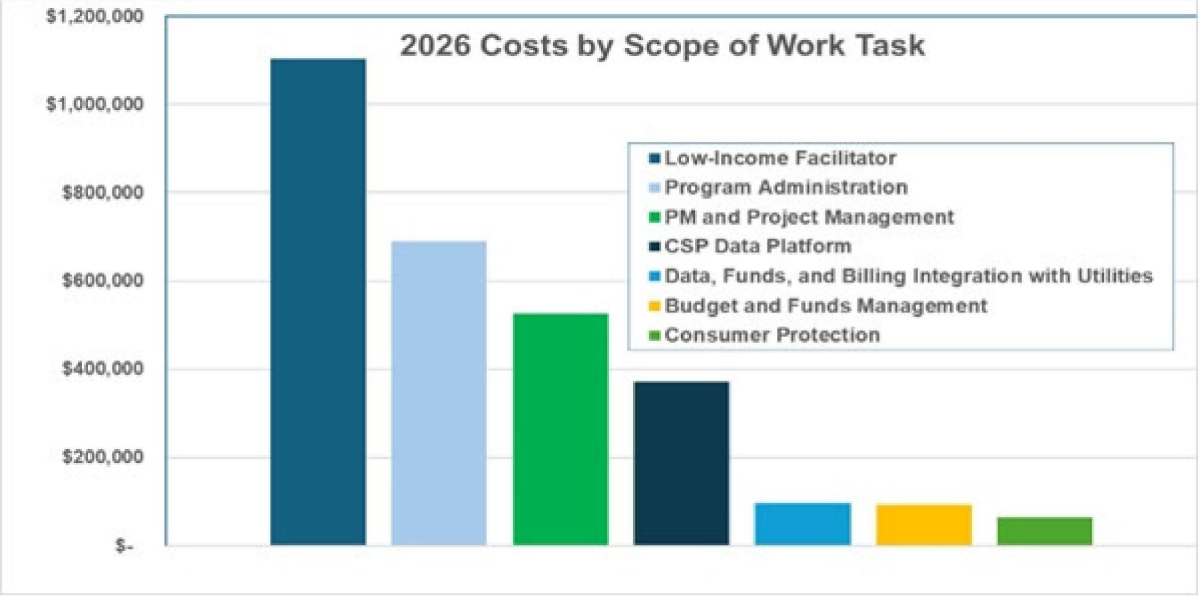
2 See Staff slides for its July 14, 2026 workshop on reducing CSP administration costs in Docket No. UM 1930: https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAH&FileName=um1930hah347532039.pdf&DocketID=21222&numSequence=790.

3 See slides for Staff's August 18, 2026 workshop on increasing Program Administration revenue int the Community Solar Program in Docket No. UM 1930: https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAH&FileName=um1930hah348478039.pdf&DocketID=21222&numSequence=795.

4 See Staff's revised proposal on aligning CSP administrative costs and revenues in Docket No. UM 1930: https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAH&FileName=um1930hah349425039.pdf&DocketID=21222&numSequence=800.

Income Facilitator (LIF) support, and project Certification are most intensive. PA costs then decline meaningfully once these milestones are achieved. Following the completion of these milestones (i.e., Q1 2029 under the 139 MW and 161 MW scenarios and Q1 2031 under the 211 MW scenario), Staff proposes a step-down reduction in PA scope and cost of approximately 40 percent, reflecting the reduced need for application processing and facilitation services. Figure 1 below, which was presented in the July 14, 2026, workshop, provides context on PA costs in the current contract that would be reduced.

Figure 1. Current PA costs by task in contract scope.



Utility administration costs are focused on each utility's regular and ongoing transfer of data and funds with the PA in support of consolidated billing and remittance of project revenue. Cost and fee revenue are tracked internally by each utility, and reported to Staff as requested, and utility deferral accounting is approved annually by the Commission. While the scope of utility administration is expected to be relatively consistent going forward, current PA costs are relatively high and are expected to decrease significantly as remaining Pre-certified and unallocated Program capacity is developed and less PA scope is needed.

Stakeholder Feedback on Reducing Administration Costs

Stakeholders have requested prioritizing cost reduction before increasing revenue, with which Staff agrees. The Oregon Solar and Storage Industries Association (OSSIA) also identified Oregon as only one of three community solar programs in the U.S. with ongoing administration fees for projects or participants. Staff intends to examine other comparable programs in the near term for additional ideas on reducing costs. Conifer

Energy suggests limiting PA costs in its contract to the PA fee revenue collected with current fee rates. Staff appreciates this idea and will consider how it could inform future amendments to the current contract or an RFP for a new PA contract.

OSSIA has suggested cost reductions could be achieved if LIF services were offered to projects through direct contracts with the LIF. Staff understands this would reduce future PA costs most for projects not seeking LIF support and could potentially increase costs for those seeking LIF support. It may also require substantially more design consideration to understand the potential for unnecessary duplication and program performance and equity impacts. Over the next year Staff will consider how this idea could be implemented without overly burdening some projects or impacting the ability of the LIF to ensure Program rules are met and adequately support projects meeting low-income subscription requirements.

OSSIA has also suggested shifting administrative responsibilities from the PA to utilities. While this can potentially be considered as part of a broader cost reduction strategy, statute requiring projects and participants cover ongoing costs also applies to utility administration. Should additional utility administration scope require higher utility admin fees, it would likely also require modifying the many thousands of already executed contracts. Modifying fees in contracts would require explicit consent from participants, something Staff understands would be burdensome and prohibitively expensive for projects.

Finally, OSSIA and Verde have requested more information on administrative costs in order to provide more detailed comments regarding PA scope and what could be curtailed or eliminated. Staff provided granular contract information at the July 14, 2026, workshop, and moving forward can engage stakeholders in a feedback session when reviewing a staged plan to implement both near- and long-term PA cost reductions.

Reducing Program Administration Costs

Staff intends to identify and implement appropriate PA cost controls and reductions within the remaining term of the current three-year contract (December 2026 – December 2028). Within that timeframe, Staff also intends to closely monitor marketplace activity, Project grant opportunities, and new project Pre-certifications, and by Q4 2027 produce its assessment of Program trajectory. If, through Q3 2027, Staff finds market conditions and development of new CSP projects point to a Program closer to 160 MW, Staff would seek to reduce LIF scope for 2028 in the current contract. Staff would then issue an RFP that would reduce PA scope and budget by at least 40 percent beginning in 2029. However, if, through Q3 2027, Staff finds market conditions and new project development point to a Program significantly greater than 160 MW and closer to 211 MW, Staff would seek to ensure adequate PA scope in the current contract and

adjust its cost reduction goals through 2030 within a new contract, with the goal of at least 40 percent budget reduction by no later than 2031.

Over this same timeframe Staff will continue its oversight of participating utilities' administration costs and fee revenue collected. Staff's plan also includes utilities identifying and implementing efficiencies to ensure current fee rates are at least sufficient to cover utility administration costs over the life of the Program. Where possible, Staff will support utilities that can lower their fee rate.[5]

Program Administration Revenue
CSP projects or their subscribers pay three Program fees that generate revenue for program administration.[6] The rates for all three fees were set prior to Program launch and have not changed, with the exception of IPC's administration fee, which was reduced by the Commission from $0.48/kW/month to $0.12.[7]

1) **One-time Pre-certification fee.** Projects pay a $5/kW-AC fee directly to the PA at Pre-certification. For example, a 3 MW-AC project would pay a fee of $15,000. This fee is intended to cover one-time start-up administrative tasks including reviewing and recommending projects for Pre-certification and Certification. Because projects can cancel and the fee is partially refundable, the PA counts the fee as revenue in the month the project achieves Certification.

2) **Monthly PA fee.** Certified and energized projects or their non-low-income participants pay a monthly PA fee of $0.85 per kW-AC, which is assessed on project capacity subscribed by non-low-income participants. For example, a 3 MW-AC project that is 95 percent subscribed, including ten percent low-income, would generate approximately $2,167 in PA fees per month. Revenue from the PA fee pays for ongoing PA costs. While the fee rate is included in executed contracts between projects and participants, to date nearly all projects have chosen to pay PA fees on behalf of their participants.

3) **Monthly utility administration fee.** Certified and energized projects or their non-low-income participants also pay a monthly fee of $0.11 or $0.12 per kW-

---

5 Current utility administration fee rates paid by projects or their subscribers are $0.11/kW/month for PGE, $0.22 for PAC, and $0.12 for Idaho Power. Like PA fees, utility admin fees are only applied to operational project capacity subscribed to non-low-income participants.

6 CSP fees to pay for program administration were identified and affirmed with significant stakeholder input and modeling in 2019 and in 2021 as Staff also established its recommendations for bill credit rates and other critical Program design elements approved by the Commission in Orders No. 19-392 and No. 21-317.

7 See Commission approval of Advice No. 26-11 in Docket No. ADV 1907 on October 27, 2026. https://edocs.puc.state.or.us/efdocs/HPD/adv1907hpd350284173.pdf.

> AC, depending on the utility, which is also assessed on project capacity subscribed by non-low-income participants. For example, a 3 MW-AC project that is 95 percent subscribed, including ten percent low-income, would generate approximately $280 to $305 in utility administration fees per month. Revenue from the fee pays for ongoing administration costs incurred by the utility.

Additionally, Certified and operational projects also charge their participants **subscription fees,** with rates set by each project. For example, a project may charge a residential participant a subscription fee of $0.111 per kWh generated by the participant's subscription. Revenue from subscription fees pays for project costs and profit. Because CSP uses a consolidated bill, subscription fees are paid by the participants to their utility, which the utility remits in full to the PA every month. The PA then transfers subscription fee revenues to projects on an approximately monthly basis.

Comments on Increasing Administration Revenue

Conifer Energy requests Staff conduct rigorous sensitivity analyses as it has done in the past when deciding if and how to implement a new fee on projects. Staff shares concern for the impact a new fee may have on current and future projects, and welcomes continued sharing of information to develop a robust understanding prior to implementation.

Staff also thanks PMs for recently meeting and sharing confidential project financial information. Staff better appreciates how, over the several years, increasing costs to borrow capital and build projects, as well as changing expectations of some long-term investors, have impacted the viability of projects. Staff also understands those challenges are likely much greater for CSP projects than the additional fees as proposed. These challenges help explain calls from the marketplace throughout this process to increase bill credits and regular market capacity. Despite these learnings, Staff's process and proposal is narrowly focused on aligning PA costs and revenues in the near term and does not address bill credits or expanding Program capacity.

OSSIA, Solar Energy Industries Association, Luminace, and several PMs assert that additional fees risk the financing and overall viability of current projects and could raise the risk of loan defaults. These stakeholders also assert that adopting a new fee now will cause an unnecessary "chill" in the market, and if necessary, should only be applied to future projects not yet Pre-certified. Staff is concerned about the risks its proposal may pose, appreciates that a new fee may be particularly challenging for projects with secured or offered funding, and seeks to mitigate impacts where possible. However, there is great uncertainty in the ability of a new fee to generate revenue at all if only applied to future projects.

If a new PA fee were to be applied only to the approximately 71 MW of unallocated carve-out capacity in the Program, the rate of that fee would likely need to be more than twice as large as the largest rate included in Table 1. Given the marketplace's feedback on proposed fees, Staff is concerned a fee at least twice as large could inhibit future projects seeking Pre-certification. This could lead to realizing Staff's "low" Program capacity scenario, but without additional revenue to comply with statutory requirements regarding ongoing costs. This touches on Renewable Energy Coalition's comments that protecting project viability is necessary to achieve the Commission's objectives for the Program.

Bonneville Environmental Foundation and Verde request that carve-out projects pay a lower fee rate than regular market projects. However, as designed the proposed new fee would require less revenue from carve-out projects with elevated low-income participation. This is because the new fee is structured consistently with current Program rules that exempt low-income participants from paying administration fees. Staff welcomes additional input from stakeholders on how it might also structure the proposed new fee to similarly incentivize projects with community leadership or control.

PGE finds that their experience with voluntary renewable energy program offerings suggests non-low-income CSP participants may be willing to stay in the Program even if their modest bill discount is reduced or eliminated to increase revenue. Staff appreciates this informed perspective, which lends credibility to a solution where additional revenue for administration comes, at least in part, from participant bill discounts. However, modifying bill credits, subscription fees and Program (administration) fees requires modifying contracts and may only be an option for long-term transition as participants leave and are replaced in the Program.

Finally, Verde points out and Staff agrees that delays in project development and interconnection also postpone the onset of PA fee revenue from operational projects. Projects with fewer delays operate sooner, delivering participant benefits and PA revenue. Staff monitors project development delays and regularly publishes a report on the status of every CSP project.[8] PUC efforts to improve interconnection timelines is ongoing and not limited to CSP.

Increasing Revenue for Program Administrator
Reducing program administration costs will not fully close the gap with revenues, which is smallest in the "high" 211 MW capacity scenario and largest in the "low" 139 MW scenario. Staff recommends any projected gap between PA costs and PA fee revenue be addressed through assessing a new monthly administration fee on project revenue.

[8] See the CSP bimonthly project report on the CSP website. https://www.oregoncsp.org/bimonthly-reports/.

A fee would be assessed only as needed and after Staff has set in place durable and significant PA cost reductions through a contract amendment or execution of a new PA contract in 2029 or later. Table 1 below presents three rates for the new fee, where each corresponds to generating sufficient additional administration revenue, annually, for one of the three capacity scenarios. Dollar amounts in parentheses are administration revenue deficits. Dollar amounts associated with the rate of "$0.000" refer to the estimated annual revenue deficit for each scenario after planned PA cost reductions but without the new fee on project revenue.

Table 1. Impact of new project revenue fee rates on annual balance of estimated PA fee revenue and costs.

Project Revenue Fee Rate ($/kW/Month)	Balance of Annual PA Revenue and Costs by Operational Capacity		
	139 MW	161 MW	211 MW
$0.0000	$ (742,217)	$ (608,574)	$ (486,774)
$0.2614	$ (387,395)	$ (212,653)	$ -
$0.4018	$ (196,817)	$ -	$ 261,626
$0.5470	$ -	$ 219,922	$ 532,078

For example, for the 211 MW scenario, Staff estimates a new $0.2614/kW/month fee would generate an additional $486,774 and bring the administration budget deficit to zero. For the 161 MW scenario a new fee of $0.4018 would generate an additional $608,574. A 139 MW Program would require a new fee rate of $0.547/kW/month to generate $742,217 and bring the budget deficit to zero.

In the context of an individual project, a fee rate of $0.2614 (211 MW scenario) applied to a 3 MW regular market project that is 95 percent subscribed, including ten percent to low-income participants, would generate approximately $8,000 per year. For the same project, a fee rate of $0.547 (139 MW scenario) would generate $16,750 per year. For a 3 MW carve-out project that is also 95 percent subscribed but with 50 percent capacity subscribed to low-income participants, those same fee rates would generate $4,250 and $8,860 per year, respectively.

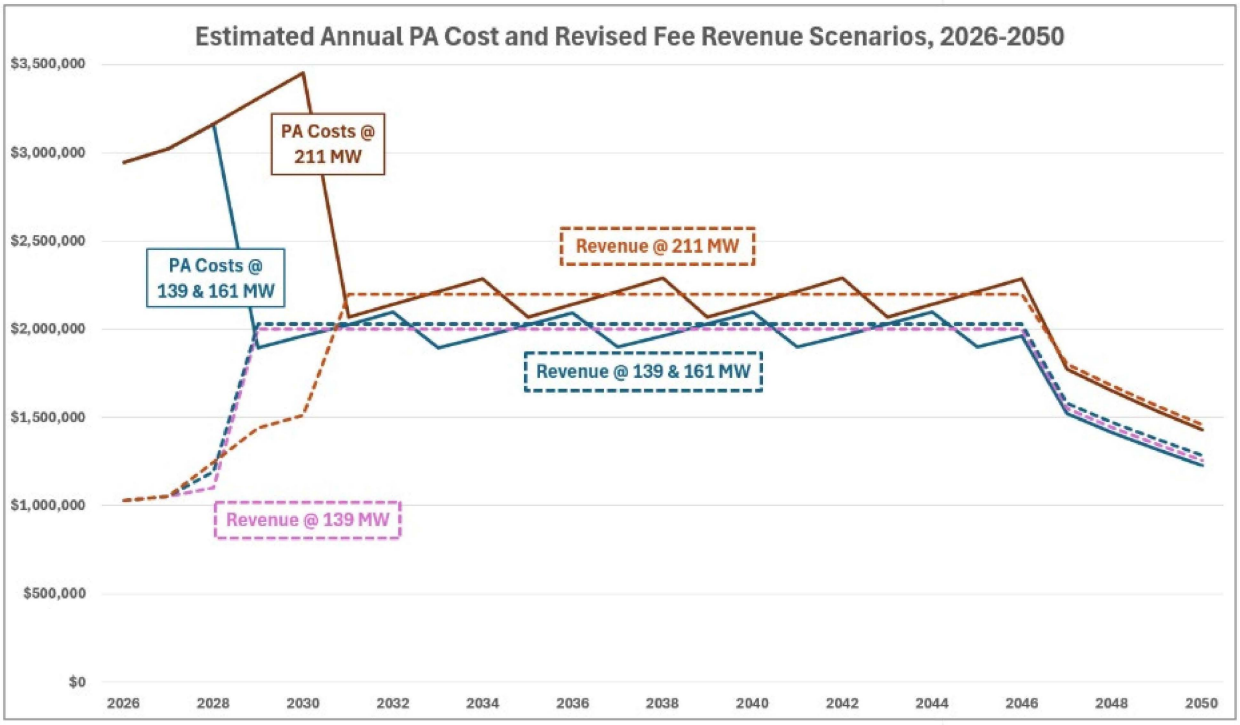
Staff initially proposed generating additional revenue by increasing the current PA fee. However, participant contracts include PA and utility administration fee rates. Because of consumer protections in CSP contracts, changes to the PA fee would require explicit consent from each participant. Staff has since understood this consent would likely be prohibitively burdensome and expensive for projects to obtain across many thousands of already executed contracts.

A new fee on project revenue would not require modification of participant contracts to implement or adjust in the future. To provide sufficient certainty that a new fee would generate reliable revenue for PA costs, the fee would be applied to all current and future operational projects. Like the existing PA fee, a new fee would be assessed as a dollar amount per kW of project capacity subscribed by non-low-income participants. As such, the proposed new fee is consistent with existing Program rules and established policy goals, such as excluding low-income participants from paying administration fees. Revenue generated from the fee would be collected by the PA immediately prior to it transferring subscription fee revenue to projects, which occurs monthly.

Staff believes the proposed administrative cost reductions and implementation of a new PA fee as discussed would align administration costs and revenues as early as 2029 or as late as 2031. Following this milestone, Staff aims to mitigate inflation-driven PA cost increases on an ongoing basis by continuing to identify and implement administrative efficiencies where possible. By the mid-2040s, when projects complete their 20-year PPAs and transition to QFs, operational capacity and associated revenue for Program administration begins to decline significantly. At this time Staff could further reduce PA scope and cost by an additional 25 percent, followed by annual reductions of ten percent thereafter. This phased “wind-down” reflects a shift to minimal ongoing responsibilities such as performance monitoring, reporting, and contract closeout.

Figure 2 below visualizes the alignment of PA costs and revenues under Staff’s plan. This includes revenue from the existing PA fee, Staff’s reduction in PA costs, and implementation of a new fee on project revenue. Implementation of PA cost reductions and a new fee on project revenue begin in 2029 for the 139 MW and 161 MW scenarios, and for 2031 for 211 MW scenario.

Figure 2. Cumulative PA fee and new project revenue fee relative to reduced PA costs.



In addition to the following detailed plan, Staff provides a simplified visualization in Appendix A.

1. PA Fee Design (Q4 2026): PA develops plan and cost estimate to implement collection of new $/kW-AC/month fee on project revenue, applied to operational project capacity subscribed to non-LI participants.
2. PA Cost Reduction (Q4 2006-Q3 2027): Identify and implement appropriate PA cost controls and reductions in current contract, ongoing Staff analysis and planning of PA cost reduction ideas including stakeholder-derived.
3. Program Monitoring (Q1-Q4 2027): Tracking of marketplace and utility queue activity, grant opportunities.
4. Utility Admin Costs Oversight (July 2027): Utilities provide Staff with prior 12 months of categorized admin costs and fee collections, efficiency opportunities and challenges, and draft near-term implementation plan.
5. Program Assessment (Q4 2027): Staff decision based on recent and forecasted marketplace and Program activity, utility admin, and next steps (i.e., RFP, fee implementation)
    a. If Program is on path towards 161 MW or less, reduce LIF scope and cost for 2028 via contract amendment.

6. Prepare and Issue RFP (2027-2028): For new PA with cost reductions consistent with assessment of low/high Program capacity growth. For new contract to execute before end of current contract December 30, 2028.
7. Review, Issue Award and Negotiate New PA Contract (Q4 2028)
8. Update Program Implementation Manual (Q4 2028): Revise to include new fee if needed for implementation in Q1 2029.
9. Execute New PA Contract (By January 1, 2029): With reduced scope and costs consistent with assessment of low/high Program capacity growth.
10. Report and Recommendation for Commission (Q1 2029): Update on Program status, PA contract, cost reductions.
    a. For low growth: implementation of new fee and alignment of administration costs and revenues.
    b. For high growth: update on timeline for implementing new fee to align administration costs and revenues.

Beginning two years after end of above timelines, and through life of Program, Staff issues RFP every three years to accomplish PA efficiencies that offset expected inflation of PA costs. By 2045, when many projects complete 20-yr PPAs and transition to standard QFs, Staff will need to further reduce PA scope additional 25 percent, followed by annual reductions of ten percent until 2050.

Additional Stakeholder Comments
Staff appreciates OSSIA offering ideas for reducing project costs, which in turn would help projects absorb a new fee on project revenue. OSSIA recommends removing the requirement that Tier 2 projects subscribe at least 40 percent of project capacity to non-low-income residential participants. Staff recognizes that, if removed or reduced, projects could spend fewer resources subscribing project capacity to fewer non-residential participants that would have relatively larger subscription sizes. Staff is unclear about the potential savings that could be realized. OSSIA further suggests that the benefits to residential participants are unclear and could similarly benefit if projects instead subscribed public agencies and nonprofit organizations that provide essential community services. Staff finds residential participants do have clear benefits on their monthly utility bills, and notes OSSIA has previously argued these modest bill savings are essential for subscribers to see value in participating in CSP. If seeking greater impact for residential participants, Staff welcomes projects also subscribing public and non-profit entities for the remaining 50 percent of project capacity where residential contracts are not required.

OSSIA also recommends eliminating excess generation fees, which many projects pay on behalf of their oversubscribed participants and are ultimately applied to utility low-income programs. Staff understands oversubscribing and associated fees complicate

selling CSP to prospective participants. However, the Commission recently reduced these fees by 90 percent and now equal the financial benefit that oversubscribed participants received through excess bill credits over the prior year. Without these fees, projects could seek to reduce customer acquisition costs by having fewer participants that are consistently oversubscribed. Finally, the Commission established the Program's process to annually review and reconcile oversubscription, which Staff estimates costs the PA $10,000 to $15,000 per year, to ensure the Commission has full control over the Program.[9] Changing or eliminating this process could complicate the ability of the Commission to have full control over program design going forward.

Finally, OSSIA recommends removing the limitation on projects subscribing participants with multifamily housing multimeters (MFH), which it argues has caused project delays and additional costs recruiting low-income subscribers. Before the limitation, Tier 1 projects heavily used MFH meters, which resulted in single family low-income households vastly under-represented in the Program. The LIF reports that very few projects, and perhaps only one currently, is using or seeks to use a MFH meter, and suspects the limiting factor is the availability of MFH multimeters to subscribe, not the Program limit on using them.

OSSIA and PMs have also argued for allowing participants to either sell or transfer the renewable energy credits (RECs) associated with their subscriptions to projects for sale on the marketplace. CSP has thus far required projects to retire RECs on behalf of their participants. While Staff recognizes this could be a useful source of revenue to offset the impact of a new fee, CSP is not an emissions reduction program under DEQ's methodology that measures emissions at the source, but rather a solar energy program requiring the retirement of RECs. PGE has previously stated concern about the impacts of REC transactions on the Program's integrity.

Conclusion

Staff proposes to revise the Program transition from start-up to ongoing, when all administrative costs are to be paid for by projects and participants. Staff's plan achieves the transition in the next two to five years and involves reducing PA costs followed by increasing fee-based revenue for PA costs as needed. Importantly, this timeframe supports project development during a period of uncertain marketplace conditions and uncertain external funding that impacts near-term demand for the PA as well as projections for ongoing Program administration revenue.

---

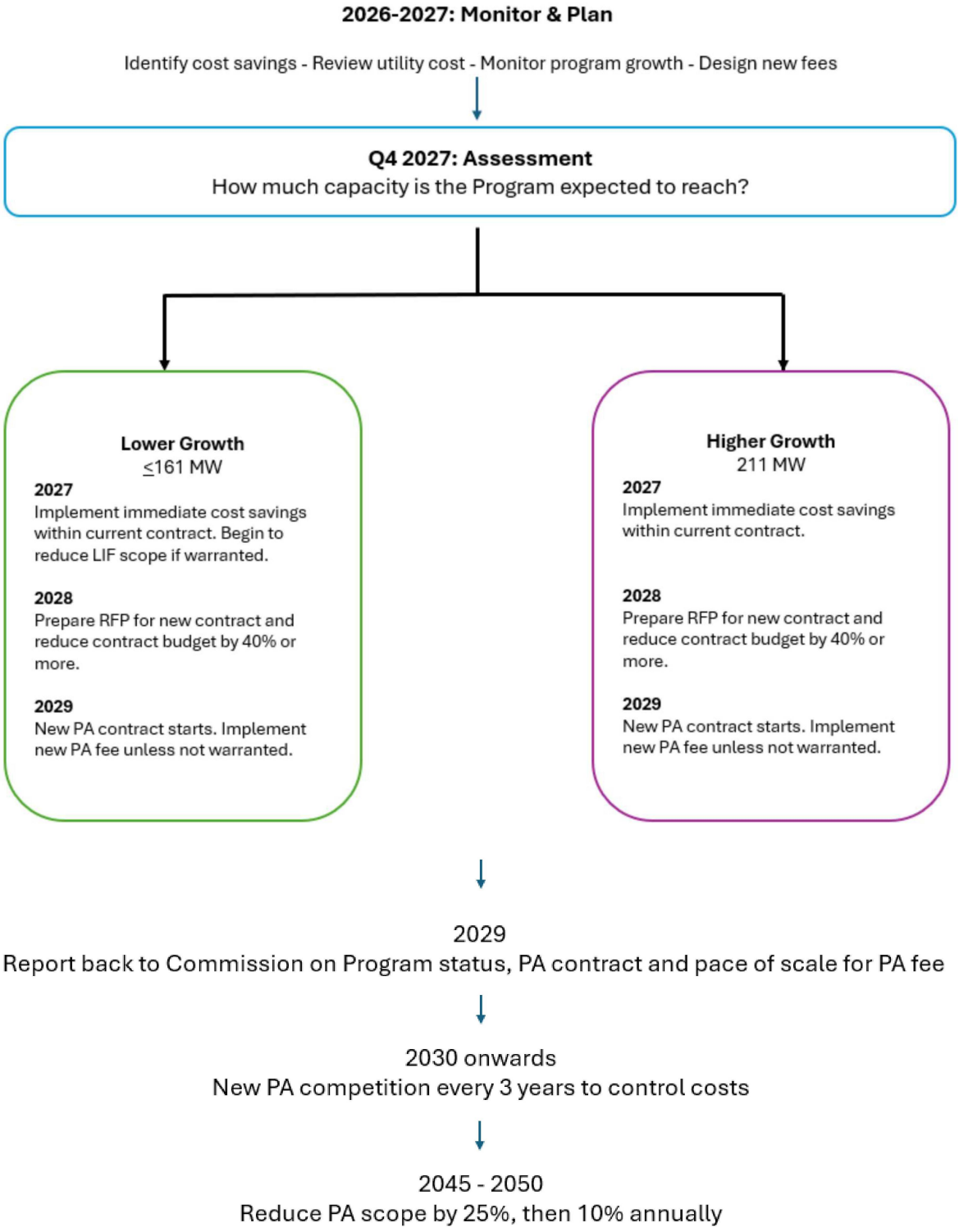
[9] The Commission's jurisdiction over subscribed energy in the Program depends on ensuring that the transaction does not constitute a wholesale sale. The key measurement for determining whether a participant is a net seller is the participant's consumption during the netting period, not the size of the participant's subscription. Net metering and subscribed energy under the CSP is only considered permissible when there is no net transfer to a utility at the end of a billing period.

Staff has developed a plan, with stakeholder input, to transition the Program to ongoing status through the alignment of Program administration costs and revenues. Staff appreciates prolonged stakeholder engagement throughout the process, including the many thoughtful comments provided. Staff's plan balances the transition to ongoing with near-term support for current and early-stage projects through at least 2028, followed by cost and revenue alignment as early as 2029. In addition to closely monitoring and reporting on Program progress by Q4 2028, Staff will return to the Commission in 2029 with additional recommendations as needed to accomplish ongoing status.

PROPOSED COMMISSION MOTION:

Modify the definition of "start-up costs" and "ongoing costs" adopted in Order No. 19-392, as described in this memorandum, to allow Staff opportunity to implement its plan to align Community Solar Program administration costs and revenue; direct Staff to report back to the Commission in 2029 at the commencement of a new PA contract; and direct utilities to continue tracking Program administration costs and fee revenue, identify and implement efficiencies, and report to Staff as requested.

RA2 – UM 1930


2026-2027: Monitor & Plan
Identify cost savings - Review utility cost - Monitor program growth - Design new fees
Q4 2027: Assessment
How much capacity is the Program expected to reach?
Lower Growth
≤161 MW
2027
Implement immediate cost savings within current contract. Begin to reduce LIF scope if warranted.
2028
Prepare RFP for new contract and reduce contract budget by 40% or more.
2029
New PA contract starts. Implement new PA fee unless not warranted.
Higher Growth
211 MW
2027
Implement immediate cost savings within current contract.
2028
Prepare RFP for new contract and reduce contract budget by 40% or more.
2029
New PA contract starts. Implement new PA fee unless not warranted.
2029
Report back to Commission on Program status, PA contract and pace of scale for PA fee
2030 onwards
New PA competition every 3 years to control costs
2045 - 2050
Reduce PA scope by 25%, then 10% annually