Oregon
Kate Brown, Governor

Public Utility Commission
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October 26, 2015

Senate Committee on Environment and Natural Resources
900 Court St NE
Salem, OR 97301

House Interim Committee on Energy and Environment
900 Court St NE
Salem, OR 97301

Re: Attributes for the Design of a Community Solar Program

Dear Members:

House Bill 2941, enacted last session, directed the Public Utility Commission (PUC) to hold proceedings and recommend a set of preferred attributes for the design of a community solar program. We were directed to report back to the Legislature by November 1, 2015.

We held two public workshops and three rounds of public comment. Below, we offer our recommendations for the definition of community solar, the attributes and features of the program that should be incorporated in any proposed legislation, and those attributes or features that should be addressed and decided by the PUC in future rulemaking.

Definition of Community Solar

We recommend the following definition for community solar:

> Community solar programs allow electric customers the opportunity to buy solar energy from a shared solar resource as opposed to installing solar capacity on their own property. Community solar customers share in the costs, risks, and benefits of solar projects through their utility bill.

Preferred Attributes and Features

In developing our recommended community solar program attributes and features, we used the following criteria:

- Programs should stress providing fair access to Oregon households and small businesses that do not have the ability to install solar on their own property.
- Programs should shift no costs onto non-participating ratepayers.
- Programs should be designed for easy and efficient administration.
- Programs should allow for adaptations as we gain experience.

If legislation is considered, we recommend the following program attributes and design features be incorporated into bill language:

Scope: Community solar programs should be available to all electric customers statewide and not just the investor-owned utility service areas. We limit our recommendations, however, to public utilities subject to our regulation under ORS 757.005.

Eligibility: Residential and small commercial customers should be eligible to participate in a community solar project.

Program Size: An initial capacity cap of 0.5 percent of 2014 peak load should be assigned for each utility, with provisions to allow the PUC to adjust the cap after a two-year initial phase.

System Size: Eligible projects should have a capacity of between 25 kilowatts to 2 megawatts.

Subscription Size: An eligible customer should be allowed to subscribe up to the customer's average annual load. Any bill credits associated with energy generation that are in excess of annual energy use at the subscriber's site should be donated to low income programs.

Bill Credit Rate: The bill credit should equal the resource value of solar as determined by the PUC, unless the PUC finds good cause to deviate from that rate and apply a different rate.

System Location: Community solar projects should be allowed to be located anywhere in Oregon.

System Ownership: Investor-owned utilities should be permitted to own and operate a community solar project subject to conditions established by the PUC to protect the public interest and to ensure that non-subscribing customers are held harmless.

Cost and Risk Shifting: To protect non-subscribing ratepayers, all risks and benefits of a community solar project should be borne by the project's owner or developer.

Cost Recovery: Start-up costs incurred by utilities during community solar project development should be borne by all ratepayers. On-going administrative costs should be borne by the project's owner/developer and subscribers.

Ownership of RECs: The ownership of all Renewable Energy Certificates (RECs) generated by a community solar project should generally remain with the subscribers to that project.

Low Income Customers: The PUC should be directed to explore and implement ways to promote full and fair access to community solar projects by low income Oregonians, including but not limited to reserving a certain amount of capacity for those ratepayers.

Report: The PUC should be directed to provide a report on the status of the community solar program following an initial two-year phase and recommend necessary adjustments to improve the program.

We recommend that all other program attributes and features be developed and decided through PUC rulemaking. These include consumer protection measures, contract terms and conditions, product design, subscription pricing, and other design features.

We are available at any time to discuss our recommendations.

Respectfully,

Susan K. Ackerman Chair	John Savage Commissioner	Stephen M. Bloom Commissioner