Oregon’s Community Solar Program
House Energy and Environment Committee
Informational Meeting

November 20, 2019

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Coalition for Community Solar Access
Background

- Stakeholders (+ legislators and PUC) have been working on this since 2015
- Regulations are sound, but implementation was plagued by initial delays
- Confidence was undermined by uncertainty and development challenges
- Staff’s Proposal largely addressed concerns and fueled new optimism
Staff’s Proposal (October 4)

- Objective = “equitable opportunity for consumers that have not been able to access customer generation opportunities and incentives”

- Deep market research, data-driven analysis, and collaboration with the Program Administrator

- Would ensure reasonable (though still challenging) economics; improved market certainty and expectations; addressed most interconnection issues

- Supported by at least twelve major stakeholder organizations
PUC Decision (Order 19-392)

- Attempt at balancing ideological opinions (RVOS role and cost shift), but lacks justification and contradicts Staff’s findings and analysis
- Does not reflect stakeholder perspectives or input
- Gambles on market viability and risks not incentivizing participation
Staff Slide Presented to PUC

**Summary - Viability**

<table>
<thead>
<tr>
<th>Participant Administrative Fees ($/kW/mo.)</th>
<th>Bill Credit Rate</th>
<th>Project Manager 20y IRR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.46</td>
<td>RVOS  N/A</td>
<td>4.11%</td>
</tr>
<tr>
<td></td>
<td>Retail fixed</td>
<td>4.11%</td>
</tr>
<tr>
<td></td>
<td>Retail + escalator</td>
<td>6.54%</td>
</tr>
<tr>
<td>$1.50</td>
<td>RVOS  (12.78%)</td>
<td>5.40%</td>
</tr>
<tr>
<td></td>
<td>Retail fixed</td>
<td>5.40%</td>
</tr>
<tr>
<td></td>
<td>Retail + escalator</td>
<td>7.76%</td>
</tr>
<tr>
<td>$1.00</td>
<td>RVOS  (9.55%)</td>
<td>6.03%</td>
</tr>
<tr>
<td></td>
<td>Retail fixed</td>
<td>6.03%</td>
</tr>
<tr>
<td></td>
<td>Retail + escalator</td>
<td>8.36%</td>
</tr>
<tr>
<td>$.085</td>
<td>RVOS  (8.82%)</td>
<td><strong>6.22%</strong></td>
</tr>
<tr>
<td></td>
<td>Retail fixed</td>
<td><strong>6.22%</strong></td>
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<tr>
<td></td>
<td>Retail + escalator</td>
<td><strong>8.54%</strong></td>
</tr>
</tbody>
</table>

*Assumes “average” project as modeled by Staff and the PA Team

* PUC Decision *

PUC landed on a 6.22% IRR - based on Staff analysis of an “average” project – despite the Commissioners agreeing that IRR was a good metric, and admitting that 8% was likely too low.
Outlook

• Only the most optimized projects may be viable (e.g., larger-scale and developed as part of a portfolio)

• Smaller projects, community-driven projects, and those less perfectly situated are unlikely to work without additional funding sources

• Uncertainty around future capacity allocation and successor credit rate
  • Limited/ time-sensitive development opportunities, and declining federal subsidies
Conclusion

• Key mandates in legislation are to:
  • Incentivize participation;
  • Minimize cost shift; and
  • Protect public interest.

• A 6.22% IRR target falls short of “incentivizing”

• PUC Decision results in about a 0.10% rate impact (10 cents/month) as opposed to 0.20% (20 cents/month)
  • Does this justify risking program success and ability to achieve legislative intent?