

Oregon's Community Solar Program Is Underway

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First authorized by the state legislature in 2016 by Senate Bill 1547, Oregon's community solar program (CSP) is finally underway. The CSP allows residential and commercial customers of Idaho Power, Pacific Power and Portland General Electric in Oregon to "subscribe" to a community solar project in their utility's service territory and receive a credit on their electricity bill that is tied to the amount of solar energy generated by the project.

By increasing customers' direct access to solar energy, the CSP is a component of the state's effort to increase the share of electricity consumed by Oregonians that is generated by renewable resources. That said, the allowable amount of solar generation under the CSP is currently limited to 2.5% of each Oregon utility's 2016 peak electric demand from its customers. This means that initially there is room for approximately 161 megawatts (MW) of community solar generation throughout the state, or enough energy to power approximately 21,000 Oregon homes for a year.

To ensure that multiple projects will be eligible to participate in the CSP, individual community solar projects (1) are limited in size from 25 kilowatts to three MW of generation capacity, and (2) must be located in one of the three utility service territories

within the state.

If these threshold criteria are met, then the project must pass a pre-certification process. This process involves a determination by the Oregon Public Utility Commission (OPUC) that the project manager has, among other things, a detailed development plan and strategy for enrolling subscribers, and that the project manager has paid applicable registration fees.

After passing the pre-certification phase, a project must then achieve final certification within 18 months. Typically, project developers will wait to begin construction until they have received that final certification, which requires that at least five different subscribers have signed up for at least 50% of the project's generation capacity, with at least 10% of the generation capacity dedicated to low income subscribers. Of the 33 projects currently registered throughout the state, two projects, both located in Portland, plan to either deliver at least 50% of their generation to low income participants or provide a 50% subscription discount to low income subscribers.

CSP rules also require that (1) individual subscribers (whether residential or commercial) agree to a 10-year or longer contract with the project, (2) no individual

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subscriber own or lease more than 40% of a project's generation capacity, and (3) no more than 50% of a project's total generation capacity be allocated to large commercial, industrial or irrigation subscribers.

Subscription payments can be based on either the project's capacity or its production, at the discretion of each project manager. For now, the amount of the credit applied to subscribers' electricity bills has been determined by the

OPUC. Eventually, these rates will be determined by each utility (subject to approval by the OPUC) in connection with the utility's calculation of the "resource value of solar energy."

Plans for the CSP's growth are uncertain at this time but we will continue tracking its progress – including any effects that House Bill 2021 (which requires a reduction in greenhouse gas emissions to 100% below baseline levels by 2040) will have. Keep an eye out for our view on recent developments with the CSP in our weekly energy regulatory update at www.stoel.com/energy-regulatory-updates.

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