

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1673**

In the Matter of

OREGON PUBLIC UTILITY COMMISSION

Staff Questions for Parties on the Solar  
Incentive Program Report under HB  
2893.

Joint Comments of Renewable  
Northwest Project, Citizens'  
Utility Board of Oregon, City of  
Portland, Environment Oregon,  
NW Energy Coalition, Oregon  
Solar Energy Industry  
Association, Oregonians for  
Renewable Energy Progress,  
Sierra Club

The opportunity to answer Staff Questions for Parties on the Solar Incentive Program Report under HB 2893 is most welcome. The undersigned parties to UM 1673 have agreed on two core principles:

**I. FULL CALCULATION OF SOLAR RESOURCE VALUE**

An accurate calculation of the solar resource value is essential for current policy discussion in Oregon. Until the true solar resource value is determined, the Commission, utilities, stakeholders and policy makers cannot have a complete discussion on solar energy policy. Without a quantitative understanding of the balance between all the benefits and the costs of distributed solar generation, consideration of incentive levels and the impact on participants and non-participants quickly degenerates into the hypothetical.

Understanding all the components of the solar resource value will allow clean solar energy to be appropriately incentivized, enabling customers to take advantage of

distributed generation to lower their bills without unduly affecting taxpayers or non-participating customers, and will make solar more accessible to more people.

Many of the topics outlined in the staff memo in UM 1673 are difficult to consider without determining the solar resource value. For example, the balance between the costs and benefits of distributed solar needs to be determined comprehensively before the question of cross-subsidization between participating and non-participating customers can be addressed. Until this balance is determined quantitatively, it is impossible for the Commission, utilities, or other stakeholders to consider questions on this topic. Given this, we recommend that the Commission not try to consider the question of cross-subsidization without a more thorough investigation of the solar resource value.

Docket UM 1559 explored some of the costs and benefits associated with distributed solar, but the investigation was not sufficient to quantify the full solar resource value. The Commission identified several unquantified factors as legitimate components of the solar resource value. Other unquantified factors not considered in UM 1559, like environmental and economic development benefits, could be very relevant to policy makers. While the state may determine that ratepayers should not fund incentives to promote benefits that accrue to the state as a whole, the Commission should undertake the valuable task of quantifying these benefits, so that the value of solar incentive programs can be better understood by state policy makers.

Solar resource value quantification can be done professionally and efficiently by experienced outside consultants. Outside consulting assistance is likely to be necessary if the Commission, utilities and other stakeholders are to have meaningful and useful solar resource value study to ground future policy conversations. We are prepared to work with the Commission, utilities and other stakeholders to find creative measures to fund such a study.

## **II. DRIVING DOWN SOFT COSTS**

A large proportion of the solar installation cost is "soft costs", which includes labor, customer acquisition (marketing) and paperwork. While the hard costs (equipment) are largely determined by global markets outside of state control, the soft costs are an artifact of the local business and regulatory environment and are a factor over which the state has influence.

One of the most efficient mechanisms of reducing these solar costs is to increase the volume of solar installed. Increasing volume has the effect of decreasing the labor and marketing costs per unit installed, and encourages the streamlining of the permitting and incentive-application processes. However, such an increase in volume would be dependent on the stability of the incentive mechanism, and it is only through a sustained volume over time that business can realize a sustained reduction in soft costs.

The Energy Trust of Oregon has already made significant accomplishments in the transformation of the solar PV market in the state, and these benefits will be felt in whatever direction Oregon chooses to take solar policy. The Oregon Building Codes Division also went some way to encouraging a reduction in soft costs through the adoption of the Oregon Solar Installation Specialty Code (OSICC), which was the first statewide solar code in Oregon and the nation. Where adopted, these codes establish uniform and consistent requirements for solar installations, including the standardizing of permitting and plan review requirements.

The Commission and/or the Oregon Department of Energy should focus on evaluating the volume of solar PV installation needed to significantly reduce soft costs. This way, the delivery of incentives can be managed to drive take-up cost-effectively.

RESPECTFULLY SUBMITTED this 18th day of December, 2013.

RENEWABLE NORTHWEST PROJECT  
CITIZENS' UTILITY BOARD OF OREGON  
OREGON SOLAR ENERGY INDUSTRIES ASSOCIATION  
OREGONIANS FOR RENEWABLE ENERGY PROGRESS

CITY OF PORTLAND  
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