



Oregon Citizens' Utility Board

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April 25, 2023

To: Chair Sollman, Vice-Chair Findley, and Members of the Senate Committee on Energy and Environment

From: Bob Jenks, Executive Director, Oregon Citizens' Utility Board (CUB)

Re: CUB opposes HB 3055A

The Oregon Citizens' Utility Board (CUB) is a statewide, membership-based nonprofit consumer advocacy organization developed by citizens' initiative in 1984. CUB represents the interests of Oregon households by advocating for utility regulations and policies that protect your wallet. To date we've saved Oregon ratepayers \$9.4 billion. CUB opposes HB 3055A because we are concerned about costs to customers. The typical Pacific Power customer saw rates increase by more than 20% in January. Right now, PGE is looking to raise rates by more than 15%. While a lot of these rate increases are coming from supply chain disruptions, general inflation, wildfire response and fuel prices, CUB is concerned about measures such as this one which are adding rate pressure. The timing is not right for this.

From 2015 to 2017, the Public Utility Commission (PUC) reduced the eligibility caps for avoided cost prices in standard contracts from 10MW to 3MW for solar qualifying facilities¹ for Idaho Power Company, PacifiCorp, and PGE. The impetus behind that change came from some solar developers gaming the system and daisy-chaining multiple 8-10 MW projects to qualify for qualifying facility (QF) contracts at the avoided cost rate. In 2015, a large developer executed standard contracts with PacifiCorp for seven 10 MW solar facilities and one 8 MW solar facility over a one-week period and another developer executed five standard contracts for 36.5 MW of solar on one day. Not all developers did this but enough did that the PUC felt the need to reduce the eligibility caps. Larger projects can still be built, but they must negotiate prices or, even better, participate in a competitive bidding process.

¹ See *In the Matter of Public Utility Commission of Oregon, Staff's Investigation Relating to Electric Utility Purchase from Qualifying Facilities*, [Order No. 05-584](#), Docket No. UM 1129, p 6, fn 5 (May 15, 2005) (“A “qualifying facility” refers to a cogeneration facility or a small power production facility. OAR 860- 029-0010(22). See also OAR 860-029-0010(25). PURPA defined two types of qualifying facilities: (1) a cogeneration facility that produces electric energy and steam or forms of useful energy (such as heat) that can be used for industrial, commercial, heating or cooling purposes. Cogenerators may be any size, so long as plant thermal output is at least five percent of total energy output. If fueled by oil or gas, the plant must meet certain efficiency criteria; and (2) A small power production facility that produces electric energy using biomass, waste or renewable resources as the primary energy source. Such facilities must have a nameplate capacity of 80 MW or less. In addition, at least three-fourths of the plant's energy must be derived from renewable resources or waste products.”)

The PUC must promote QF development while also ensuring that rates are just and reasonable to utility customers. Balancing those interests, the PUC determined the eligibility cap for a solar QF to obtain a standard avoided cost price be lowered to 3 MW. CUB trusts the PUC's process and worries that mandating an eligibility cap increase outside of the PUC's review process runs counter to the PUC's analysis and could increase costs to customers.

This is particularly important to consider right now because customers are experiencing significant rate increases from both the electric and natural gas utilities. These increases result from the costs including the significant but necessary costs associated for utilities to meet Oregon's greenhouse gas emissions reductions requirements. For the electric sector, these requirements include consideration of community renewable energy and community resilience.

CUB recognizes the value of community resources. CUB supports the Community Solar Program, even though it requires a subsidy from those who do not own or subscribe to a community solar project. The PUC found that a higher compensation rate was needed to support Community Solar and set the compensation at approximately two times the value of the grid. CUB believes that community solar, while requiring a subsidy has real customer benefit, particularly for low-income families.

But if we are going to keep rates affordable, we cannot ask ratepayers to finance everything. While there is demand from solar developers, there are also folks who want more investment in EV infrastructure, in microgrids, in offshore wind, in interstate transmission, in smart grid applications and a host of other things. And on top of that, we must invest large sums of money in hardening the grid for wildfires.

We don't want to exaggerate the costs of this bill. But we don't want to underestimate the combined impact of all the demands that are being placed on utilities. CUB is working hard to get utilities to manage their costs and avoid the kind of double-digit rate increases that are happening with all our utilities. With utility rates rising as fast as they currently are, CUB believes that the timing is not right for this bill.