

September 21, 2018

RE: Docket UE-171033  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250  
Olympia, WA 98504-7250

Dear Mark L. Johnson ,

The following are comments referencing the Proposed Final Rules issued August 18th, 2018 regarding the Washington Utilities and Transportation Commission's (UTC) jurisdiction and regulation of community solar companies, Docket UE-171033.

Spark Northwest is a regional non-profit organization focused on creating communities powered by locally controlled, affordable, clean energy. We have helped cities and organizations throughout Washington state implement solar energy programs. Through our Access Solar program, we are working with affordable housing providers, community organizations, and the solar industry to develop community solar projects for the benefit of low income properties and tenants. The NW Energy Coalition is an alliance of about 100 environmental, civic, and human service organizations, progressive utilities, and businesses in Oregon, Washington, Idaho, Montana and British Columbia. We promote development of renewable energy and energy conservation, consumer protection, low-income energy assistance, and fish and wildlife restoration on the Columbia and Snake rivers. The Solar Installers of Washington (SIW) is our state's professional solar trade association.

Thank you for the opportunity to provide input, and we have been active in this docket from the beginning, as well as in other policies to support customer's direct participation in clean energy programs. We submitted comments in July 2018 jointly with a few other non-profits and community organizations. In reviewing the final proposed regulations, as well as the staff comments, we are quite disappointed. In response to every single one of our comments, staff expressed disagreement with our suggestions, though there were key points of clarification and interpretation that were helpful. There were few changes made to the final rule that pertained to our concerns.

At this point we will not dwell on our past comments, which are part of the public record, but rather offer some broader perspective on the process and observations about the future for community solar in Washington State under the proposed final rules.

- It is unlikely that there will be any community solar companies registering with the UTC in the near future. The requirements are a significant burden for non-profits and housing agencies that may play a role in ownership. Staff clarification regarding the point of regulation hinges on both ownership and provision of services as a requirement was helpful. However, short of cooperative ownership structures that appear exempt from registration in 2017 SB 5939, there is unlikely to be much demand and development on non-utility community solar projects under the current regulatory and legislative environment. Compliance with the proposed regulations requires quite a bit of up front work, registration cost and expenditure by organizations interested in development and ownership of community solar projects, including development of marketing materials and legal contracts. From our conversations in the industry, there is not much appetite for taking on this risk from non-profits, and entities involved primarily in tax equity ownership are wary of the potentially complex ownership structure.

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A larger fundamental issue is at play as well. The incentive program which enables production-based payments to community solar participants is close to its statutory budget limit in many utilities, and as a whole. At least six utilities have closed their incentive programs to new participants<sup>1</sup>, and there is a real question as to how close the program is to the \$110 million threshold for total expenditure. Market indications and WSU data point to a likely reality where the incentive program is effectively closed shortly after the rules take effect in Q4 2018.

- The UTC should take a much broader view of what community solar means in the state of Washington, beyond the limited incentive program. In most other states in the US that have community solar policy, community solar (also called shared solar) enables a long term transaction of a bill credit value between a utility and their participating customer. The value of the generation of energy is over a much longer time period (typically up to 20 years), and rates have often been set to meet specific social equity, access and market development goals. In staff comments (Page 2), they state that, “The Commission can amend these rules to accommodate any new models after that program expires.” We suggest that time is now to consider amendments, and we should start working on a longer-term, sustainable model for community solar that truly seeks to broaden access and create opportunities for low-income customers to benefit from solar deployment. In looking at the regulation of community solar companies, we have consistently advocated for the rules to be generally useful for regulating community solar, not just in the context of the current incentive program. Clarity from the UTC about how these regulations would impact projects outside if the incentive program would be useful, and what process would be needed. A long term vision for community solar must include consideration of a value tied to the energy from generation.

While we want community solar as a broader concept overall to succeed, we have a particular interest in using the program structure as a tool for low-income customers and housing providers. In working through this process, we understand that there are complexities to any new program launch, and have been engaging with housing providers, community groups, and utilities on potential financial, ownership and benefit allocation models. We feel that the current rules create significant hurdles for affordable housing providers and non-profits seeking to finance and develop community solar. If adopted as is, we see it unlikely that there will be an opportunity for many of these projects to move forward, due to both the burden of regulation and lack of certainty in the incentive program. We, as well as many organizations around Washington State, would welcome a conversation about the tools and program models that we are trying to implement, as well as what has been successful in other states.

We thank you for your consideration of these issues, and hope that there can indeed be an evolving discussion about a more sustainable model for community solar among stakeholders and the UTC.

Sincerely,

Jaimes Valdez  
Policy Manager

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<sup>1</sup> Per WSU webpage updated 7/27/18 : Jefferson PUD, Okanogan Electric Coop, PacificCorp, Kittitas PUD, City of Ellensburg, and Orcas Power and Light

