

Tier 2 Billing Rules Guide for Project Managers



Overview

Oregon Community Solar projects in Tier 2 have different billing rules than Tier 1, per the Program Implementation Manual. This resource provides an overview of how Tier 2 billing rules affect both bill credit rates and subscription fee rates for participants enrolled in Tier 2 projects. As a Project Manager, it is important that you understand how these rates will change each year so that you can plan accordingly and provide clear instructions to participants on what they can expect to see on their bill.

Tier 2 Bill Credit Rates

Tier 2 creates two levels, or categories, of bill credit rates for both Pacific Power and Portland General Electric territories. There is no Tier 2 change for Idaho Power. These two categories (Residential and Non-Residential) are further defined in Table 1.

Table 1. Customer Type and Bill Credit Category

Customer Type	Bill Credit Category
Low-Income	Residential
Low-Income Multifamily Housing	Residential
Residential	Residential
Small Commercial	Non-Residential
Large Commercial/Industrial/Agricultural	Non-Residential

Tier 2 bill credit rates will escalate 2% each year beginning with the generation period of April 2023, resulting in slightly increased credit rates received by active participants. The first increase will be applied in the participant billing file processed in May 2023. This is because each month's participant billing file contains generation data, along with corresponding credits and fees, from the previous month.

This new bill credit rate is effective from the generation period of April 2023 through March 2024. In April 2024, the bill credit rate will escalate again by 2%, and will compound every year moving forward for the length of the program. Note that this 2% increase is compounded, which means that the rate increases by 2% of the previous year, so the total increase will be 2%, 2.02%, etc., not 2%, 4%, etc.

Table 2 shows the bill credit rates through 2042.

Table 2. Bill Customer Rates through 2042

		Portland General Electric		Pacific Power	
Effective Generation Period Start Date	Effective Generation Period End Date	Residential (\$/kWh)	Non-Residential (\$/kWh)	Residential (\$/kWh)	Non-Residential (\$/kWh)
04/2022	03/2023	0.112340	0.101106	0.097700	0.087930
04/2023	03/2024	0.114590	0.103130	0.099650	0.089690
04/2024	03/2025	0.116880	0.105190	0.101640	0.091480
04/2025	03/2026	0.119220	0.107290	0.103670	0.093310
04/2026	03/2027	0.121600	0.109440	0.105740	0.095180
04/2027	03/2028	0.124030	0.111630	0.107850	0.097080
04/2028	03/2029	0.126510	0.113860	0.110010	0.099020
04/2029	03/2030	0.129040	0.116140	0.112210	0.101000
04/2030	03/2031	0.131620	0.118460	0.114450	0.103020
04/2031	03/2032	0.134250	0.120830	0.116740	0.105080
04/2032	03/2033	0.136940	0.123250	0.119070	0.107180
04/2033	03/2034	0.139680	0.125720	0.121450	0.109320
04/2034	03/2035	0.142470	0.128230	0.123880	0.111510
04/2035	03/2036	0.145320	0.130790	0.126360	0.113740
04/2036	03/2037	0.148230	0.133410	0.128890	0.116010
04/2037	03/2038	0.151190	0.136080	0.131470	0.118330
04/2038	03/2039	0.154210	0.138800	0.134100	0.120700
04/2039	03/2040	0.157290	0.141580	0.136780	0.123110
04/2040	03/2041	0.160440	0.144410	0.139520	0.125570
04/2041	03/2042	0.163650	0.147300	0.142310	0.128080

Tier 2 Subscription Fee Rates

As Project Manager, you may offer different pricing products based on participant customer type. Subscription fee rates for participants are set in the Subscription and Pricing section of each application where you can select the first-year price (subscription fee rate) and the annual price escalation for each pricing product.

Although Project Managers can set these rates, subscription fee rates for all Low-Income participants (Low-Income and Low-Income Multifamily Housing customer types) enrolled in Tier 2 projects must be at least 40% lower than the bill credit rate, per the Program Implementation Manual. Project Managers can offer greater savings to LI participants at their discretion.

The first-year prices (subscription fee rates) for a project do not take effect until the project becomes operational. These “first year prices” are in effect from the time a project becomes operational through the next March generation period. The annual escalator is applied to the

subscription fee rates beginning the next April generation period, following the beginning of operations. This increase is processed in the May participant billing file. From here on, the escalator for the bill credit rate and the subscription fee rate will both continue to escalate every April generation period.

For example, if a project becomes operational in May of 2025, the first-year prices (subscription fee rates) are valid for the generation period of May 2025 through March 2026. In April 2026, the annual price escalator will be applied and participants will now have a new subscription fee rate. At this point, the escalator for the bill credit rate and the subscription fee rate will follow the same calendar moving forward, meaning both will continue to escalate every April generation period.

Implications for Project Manager Planning

Since the bill credit rate that participants receive depends on the year that the project becomes operational, Project Managers should carefully consider the first-year pricing (subscription fee rate) in relation to the current bill credit rate that they offer their participants.

This is especially important if a project is delayed. For example, if a Project Manager expects their project to come online in December 2023, they may set their first-year pricing (subscription fee) in accordance with the current bill credit rate being offered. If the project goes online when expected, all is well, and fees proceed as expected. However, if the project is delayed and doesn't become operational until May 2024, the bill credit rate has now escalated but the first-year pricing (subscription fee) will not have escalated. Consequently, the Project Manager will receive less in subscription fees than they anticipated.

To summarize, Tier 2 billing will increase participants' bill credit rates and subscription fee rates, but the subscription fee rate should be aligned with the bill credit rate that applies within the year that the project will become operational. It is important that Project Managers understand these differences as these rates impact participant billing and project finances and will need to be determined before participants begin signing contracts. If you have questions or need more help, please contact the Program Administration Team at administrator@oregoncsp.org or 1-800-481-0510.