



# State of Utah

DEPARTMENT OF COMMERCE  
Committee of Consumer Services

To: The Public Service Commission of Utah  
From: The Committee of Consumer Services  
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Cheryl Murray, Utility Analyst  
Copies To: PacifiCorp  
David Taylor, Regulation, Utah  
The Division of Public Utilities  
Connie White, Director  
Artie Powell, Energy Section Manager  
Date: June 26, 2007  
Subject: Docket No 07-035-T14: PacifiCorp's Proposed Schedule No. 107 – Solar incentive Program

## 1 Background

On April 3, 2007, the Rocky Mountain Power (RMP or Company) filed with the Public Service Commission (Commission) a proposed pilot Solar Photovoltaic (PV) Incentive Buy-Down Program (Program).<sup>1</sup>

The filing did not include the cost-effectiveness analysis that usually accompanies a request for approval of a demand side resource. On May 25, 2007, the Salt Lake City Million Solar Roofs Partnership (Partnership) provided its cost-effectiveness analysis. The Committee has not performed an independent analysis of the cost-effectiveness of the Program.

## 2 Discussion

The Program, in this pilot stage, provides opportunities for participation by residential and non-residential customers. The annual cost of the Program is limited to \$314,500 and there are limitations on the size of the solar PV arrays that are eligible for incentives. The Committee appreciates the ability of all classes of customers to participate and that the

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<sup>1</sup> The proposed Program was included in the Company's general rate case, Docket No. 06-035-42.

costs of the pilot Program are capped to mitigate any potential impact on customer rates<sup>2</sup> until the costs and benefits can be determined.

The Committee recognizes there is potential for solar PV systems to assist in meeting the current, and growing, peak energy use of RMP's customers in Utah and in providing a clean, renewable energy source. The Committee believes that the proposed pilot Program can provide valuable information regarding customers' willingness to pay the significant costs of installing solar photovoltaic systems in a buy-down program and to evaluate the ability of solar PV energy to help meet Utah's growing peak demand. The proposed pilot program will also be useful in obtaining technical information on integrating distributed solar resources in RMP's system.

Data provided by the Partnership shows the output of solar photovoltaic energy nearly matches the Company's load profile at the time of system peak. If that information is accurate, RMP's Utah system could benefit from solar energy both in reduction in peak energy usage by participants and from having any excess energy that is generated go back to the grid to reduce the need from other generating facilities. The pilot program will provide actual data on how the profile of operating PV systems compare to RMP's system profile.

Although the Program does not appear to pass the typical cost-effectiveness tests associated with demand side management programs, the Committee believes that the information expected to be obtained through the five-year term of the Program is significant enough to justify the program on a pilot basis.

The Committee notes that it had some initial concerns with the program, which it communicated with the Division of Public Utilities (Division). The Division's June 15, 2007 memo to the Commission appears to capture and propose remedies to these concerns.

### 3 Recommendations

The Committee recommends that the Commission approve the pilot Project subject to adoption of the conditions identified in the Division's memo.

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<sup>2</sup> At this time the Committee has made no determination as to its position on recoverability of costs in the next rate case.