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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

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To: The Public Service Commission of Utah

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Date: November 30, 2010

Subject: Office of Consumer Services' Comments on Rocky Mountain Power's Solar Photovoltaic Incentive Program (Schedule 107) Three Year Assessment of the Solar Incentive Program -- Docket No 07-035-T14.

In August 2007 the Commission directed Rocky Mountain Power to provide a report within three years of the implementation of the Solar Incentive Program addressing whether any changes to the Program were warranted. As directed, on September 30, 2010 the Company provided its three year assessment of the Program.

The Office of Consumer Services (Office) appreciates the opportunity to review the information and provide comments.

The Office has been supportive of the Solar Pilot Program goals. Although the Report indicates that the Company has obtained important information from the Program the Office believes that there is more information to be gained. In particular, the Office is concerned that there is inadequate information about the potential of solar resources when they are installed to maximize benefit to the Rocky Mountain Power system rather than to the location of installation. Therefore, we recommend that the solar pilot program should continue, but future incentives should be limited to installations that are oriented to generate more energy during the evening system peak hour, such as southwest facing. Additionally, the amount of the incentive paid should be revised in light of information that there has been a reduction in the average installation cost of small-scale photovoltaic solar panels. The Office recommends a proportional reduction by the same percentage as the reduction in installation costs.

The demonstration energy storage project is an intriguing concept that bears further consideration. However, rather than divert funding from the Solar Pilot Program we recommend that the Company pursue funding for the project through another avenue. For example, the Company could submit a proposal for cost recovery through the demand side management tariff rider, in a general rate case, or propose a different mechanism by which promising technology such as this one could be pursued on a pilot basis.

Recommendations

The Office recommends that:

- The Solar Incentive Program be continued with the following modifications:
 - 1) Incentives should be limited to installations that provide maximum benefit to Rocky Mountain Power's system; and
 - 2) The incentive amount should be adjusted to account for decreased installation costs.
- The Company should pursue funding for the demonstration energy storage project through another mechanism.