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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

From: The Office of Consumer Services
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The Division of Public Utilities
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Date: June 9, 2011

Subject: Docket No. 07-035-T14, "2010 Annual Report of the Solar Photovoltaic Incentive Program"

Background

On August 3, 2007, the Public Service Commission of Utah (the "Commission") approved Schedule 107 – Solar Incentive Program (the "Program") with conditions. Rocky Mountain Power (the "Company") filed annual reports for 2007 and 2008 on May 27, 2009. On August 5, 2009, the Commission issued two letters to the Company. The first letter acknowledged the receipt of the reports and the second letter ordered the Company to respond to the attestation certificate compliance issue raised by the Office of Consumer Services (the "Office"). On March 15, 2010, the Company submitted its 2009 report. On September 15, 2010, the Commission ordered the Company to respond to seven issues within the 2009 Annual Report. In Nov 30, 2010, the Division of Public Utilities (the "Division") expressed the view that the Company had responded sufficiently to issues 2, 3, 5, 6, and 7, but recommended the Commission require the Company to respond to issues 1 and 4, which had not been addressed. The Commission ordered the Company to provide responses to issues 1 and 4 in its February 10, 2011 order concerning the three year program assessment report. Within this filing, dated March 11, 2011, the Company responds to issues 1 and 4 and submits its 2010 Annual Report (the "Report") for the Program.

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The Commission invited parties to comment on the Company's 2010 Annual Report, recommend whether a continued or expanded Program is appropriate for Utah, and if the Program is to be continued, how would the Program be structured moving forward.

Discussion

The Report includes information the Commission requested as Issue #4. Within that issue, the Company was to provide more detailed information of the methodology, assumptions, calculations, formulas, and models with special attention to levelized cost of energy and cost effectiveness measures. The Report indicates the Program is not cost effective for any of the standard cost effectiveness tests.

Although the Program does not pass the cost effectiveness tests the Office does not believe that the Program should be scrapped without further consideration. For example, the following issues warrant additional analysis:

- Could program modification help it to become cost effective? For example, could the program require certain placement of the solar resources to better maximize benefits to the system?
- Are there solar technologies forthcoming that will allow the Program to become more cost effective on both a cost and a benefit perspective and if so what is the expected timeframe?

Issue #1 questions how the Program could and should move forward. In the Report, the Company recommends a comprehensive investigative docket to thoroughly review and evaluate the Program. The Commission asked other parties to address whether or not it was appropriate for the Program to be continued or expanded. Based on the Report, there is merit for further discussion on continuing the program.

The Office supports the Company's recommendation for an investigative docket. Through this review and evaluation, parties will be better able to make appropriate recommendations regarding the continuation of the Program. A technical conference is a good way to begin such a docket and the Office agrees that fall is a reasonable timeline to start. This docket will allow a more thorough examination of this Program and potential modifications so that the Commission can determine whether it is in the public interest to continue the Program and in what form.

Recommendations

The Office recommends that the Commission initiate an investigative docket to determine the Program's future and schedule a technical conference for this fall.