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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Investigation into
Extending and Expanding the Solar Incentive
Program and Possible Development of an
Ongoing Program

DOCKET NO. 11-035-104
Comments of Utah Clean Energy

Introduction

Utah Clean Energy appreciates the opportunity to submit comments on Rocky Mountain Power's recent Application for Approval of a Solar Incentive Program. Utah Clean Energy also appreciates the Commission's commitment to the public process that enabled the creation of the proposed program. We'd also like to extend our appreciation to the Division for their facilitation of the Solar Workgroup and to the Company for coordinating with all involved parties on the development of the proposed program. Utah Clean Energy recommends that the Commission approve the proposed program and its associated tariff sections, with an effective date of October 12, 2012.

Utah Clean Energy is one of many parties that participated in the Solar Workgroup meetings that created a public forum for discussing a solar incentive program that is designed to be cost-effective. This Workgroup was initiated by the Commission in its approval of a

temporary extension and expansion of the current solar incentive program¹ and facilitated by the Division of Public Utilities. Other participants in these Workgroup meetings included Rocky Mountain Power (“Company”), the Office of Consumer Services, the Utah Association of Energy Users, the Utah Office of Energy Development, Salt Lake City, Park City Municipal Corporation, Summit County, Garbett Homes, Wal-Mart, and the following representatives from the solar industry: the Utah Solar Energy Association, Creative Energies, Bella Energy, Intermountain Wind and Solar, Vivint Solar, and SunTech Power.

These parties met for several months to discuss different proposals for a new solar incentive program. Additionally, parties participated in a technical conference in which the Sandia National Lab gave presentations on various solar PV integration studies and issues.

Comments in support of the Company’s application

Utah Clean Energy supports the Company’s application as filed and recommends that the Commission approve it with an effective date of October 12, 2012. We note that the filed application and the corresponding Solar Workgroup efforts are suitably responsive to the Commission’s Orders in Docket Nos. 07-035-T14 (Issued July 7, 2011) and 11-035-104 (Issued December 21, 2011), wherein the Commission directed the Division to organize and lead a Workgroup to investigate extending and expanding the Program and, if appropriate, develop an ongoing program designed to be cost-effective.²

The design of the Company’s proposed program is the product of numerous Workgroup discussions and represents the input, analysis, recommendations, and compromises of the various Workgroup participants. Furthermore, the Company’s proposed program is a cost-effective

¹Docket No. 11-035-104, Order Approving Continuation of Program with Modifications (Issued December 21, 2011), page 9.

² Docket No. 07-035-T14, Order on 2010 Annual Report (Issued July 7, 2011), pages 5-6; 11-035-104 Order, page 9.

means for the Company to develop a valuable distributed solar resource, which can help reduce customer demand during higher energy demand and higher cost hours.

As outlined in the Company's application and as noted in the Cadmus Group's cost-effectiveness analysis, submitted as Exhibit K, the proposed program design is cost-effective from the UCT perspective, with a B/C ratio of 1.75 excluding free-ridership, and a B/C ratio of 1.63 when including free-ridership. The Cadmus memo also notes that "the UCT is the standard test in Utah." In previous comments on this Docket and Docket 07-035-T14, Utah Clean Energy and several stakeholders demonstrated that distributed solar energy provides other benefits, both energy- and non-energy related, including distributive energy benefits, environmental benefits, and risk mitigating benefits.³

As has been noted in previous comments in this docket and in Docket No. 07-035-T14, the Commission has recognized that a distributed solar program may be viewed differently than a traditional DSM program in terms of costs and benefits.⁴ The DSM Advisory Group included in its Docket No. 09-035-27 Report⁵ the following recommendation:

Absent more appropriate economic tests, small-scale renewable resources may be evaluated on the same basis as energy efficiency and load management. The Commission may approve small-scale renewable resource projects that fail one or more of the economic tests but are determined to be in the public interest.⁶

The Commission concurred with this recommendation and added that if any of the economic tests fail, the Commission would consider arguments regarding whether the program is in the public interest for reasons other than economic efficiency.⁷

³ Utah Clean Energy Comments and other stakeholder comments filed in Docket Nos. 07-035-T14 and 11-035-104.

⁴ Docket No. 07-035-T14, Order Approving Tariff with Certain Conditions (Issued August 3, 2007), page 7.

⁵ Docket No. 09-035-27, Order (Issued October 7, 2009), pages 3, 10-11. The Order in this docket established the Utility Cost Test as the threshold test for determining program prudence.

⁶ 09-035-27 Order, page 4.

⁷ 09-035-27 Order, page 15.

In addition to its demonstrated cost-effectiveness, Utah Clean Energy firmly believes this program, designed collaboratively by diverse stakeholders to facilitate the development of 60 MW of cost-effective distributed solar resources, is in the public interest and will provide numerous benefits to ratepayers and Utah's economy and environment.

Comments on Program Design

As currently proposed, the kilowatt incentives within each program sector decrease predictably by \$0.05 per year through the program period. Provided that the initial incentive level is sufficient to promote the development of the distributed solar resource, incremental reductions in the incentive should maintain the value of the utility investments, while still promoting the development of the resource, as Utah's solar market continues to mature. Utah Clean Energy supports the reduced administrative costs and efforts made to reduce administrative inefficiencies in the proposed incentive program design; that said, we recognize that regular program review and adjustments may be warranted going forward to further enhance the value of the program.

To that end, Utah Clean Energy supports the Company's proposal to file annual program reports, as this will provide an opportunity to evaluate and improve this new program as it progresses. We recommend the following information for inclusion in annual reports: the number of applications, the number and size of completed installations, the total installed costs of all completed installations, generation data for large systems, and the number, if any, of surrendered deposits. Additionally, for purposes of improving the program, we recommend the Company evaluate the application and lottery process. If possible, customer feedback should be included as well.

Recommendation

Because the proposed program was designed collaboratively by a diverse group of stakeholders to be a cost effective means of developing a valuable distributed solar resource, Utah Clean Energy recommends that the Commission approve the program, with an effective date of October 12, 2012.

Respectfully submitted this 29th day of August, 2012,

Utah Clean Energy