



State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

THAD LEVAR
Deputy Director

CHRIS PARKER
Director, Division of Public Utilities

GARY HERBERT.
Governor
GREG BELL
Lieutenant Governor

ACTION REQUEST RESPONSE

To: Public Service Commission

From: Chris Parker, Director

Artie Powell, Energy Section Manager

Thomas Brill, Technical Consultant

Sam Liu, Utility Analyst

Carolyn Roll, Utility Analyst

Date: April 23, 2012

Re: Solar Photovoltaic Incentive Program (Schedule No. 107) Annual Report for Program Year 2011, Docket No. 07-035-T14, DPU's Review and Recommendation - Acknowledgement

RECOMMENDATION (Acknowledgement)

The Division of Public Utilities (Division) recommends that the Utah Public Service Commission (Commission) acknowledge the annual report for the 2011 program year for the Solar Photovoltaic Incentive Program offered through Schedule 107. The annual report for the 2011 program year meets the Commission's reporting requirement for the program.

ISSUE

In its August 3, 2007 Order in Docket No. 07-035-T14, the Commission ordered the Rocky Mountain Power (Company) to provide an annual report of the Utah Solar Photovoltaic Incentive Program (Schedule 107). The Commission directed that this report shall present information on completed projects, program expenditures, and recommendations for the following year.

In compliance with the Commission's Order in Docket No. 07-035-T14, on March 30, 2012 the Company filed its 2011 Solar Photovoltaic Incentive Program Annual Report. On April 3, 2012 the Commission issued an Action Request to the Division for a review of the Utah Solar Incentive Program 2011 Annual Report. This memorandum is in response to the Commission's Action Request.

DISCUSSION

The 2011 Annual Report presents information on: 1) the program goal; 2) important dates, data, and activities of the 2011 program; 3) a summary of 2011 program results; 4) key findings from 2011; and 5) a cost-effectiveness analysis for 2011 program year. It also includes a discussion of changes incorporated in program year 2012. An appendix lists detailed 2011 program project data, including both 2011 program residential and non-residential participants as well as residential withdrawn and waiting list participants.

The program goal is to gather market-based information on the viability of a Utah solar incentive program funded by the Company. The intent has been to provide an assessment of both benefits and costs of solar photovoltaic systems in Utah, to gain experience with program administration, and to acquire customer acceptance information. The application acceptance date was March 24, 2011, with an installation completion date of December 31, 2011. The 2011 program also used a waiting list. Some capacity was carried forward from the 2010 program. As a result of 2011 project cancellations, a small amount of capacity was carried over to the 2012 program. A summary table lists program installed capacity and expenditures, with administrative costs shown separately.

Key findings are presented for installed system costs; contractor/self-installation information; participant location; marketing; and equipment availability. A critical focus of the program is to assess the benefits of solar photovoltaic installations to the Company's system, and in particular, its contribution to peak demand. Prior Program annual reports have outlined the challenges of having customers provide output data from their system inverters. All 2011 Program participants were required to install generation meter sockets and the company installed 15 minute interval

production meters at all Program sites. Interval data from this pool of installed meters will be used to correlate/validate PV Watts data for systems. The actual data will be used in place of PV Watts estimates where available. The 2011 Annual Report presents graphical data for a comparison of photovoltaic system production of total system load. Solar generation output is derived from actual metered data and peaks earlier in the afternoon than the system peak, which is later in the day around 6 pm. South facing solar panels produce more energy at mid-day and less energy during the typical evening system peak hour.

Changes incorporated in program year 2012 are also described in detail. On December 21, 2011 the Commission issued an Order in Docket No. 11-035-104 that extended the program for one additional year beyond its initial five years. For this one-year extended program the incentive remains at \$1.55/watt, but the program kW capacity was doubled. The Company submitted a letter to the Commission on January 31, 2012 that outlined modifications for the 2012 program year. The intent of the program changes was to minimize administrative expenses. The Division notes that the Commission, in its December 21, 2011 Order in Docket No. 11-035-104, directed that program administrative costs should be in the 10-15 percent range. Program changes identified for 2012 include metering changes, the enrollment and inspection process changes.

The Division reviewed the cost-effectiveness tests in the 2011 Annual Report and noted that the program passed the Utility Cost Test, which had a Benefit/Cost Ratio of 1.3. The Division finds that program administrative costs represented about 33 percent of the 2011 program incentive and meter costs. The other standard economic tests for program cost-effectiveness were significantly less than 1.0.

The Commission, in its December 21, 2011 Order in Docket No. 11-035-104 directed the Division to work with interested parties to investigate extending and expanding the Solar Incentive Program. The workgroup has reached a consensus in principal and are awaiting cost effectiveness calculations from the Company. The Division expects to file a report of the workgroup's recommendation to the Commission by the end of the second quarter.

CONCLUSION

The Division recommends that the Commission acknowledge the annual report for the 2011 program year for the Solar Photovoltaic Incentive Program (offered through Schedule 107), meets the Commission's reporting requirement for the program.

CC: Dave Taylor, RMP
Michele Beck, OCS