



Salt Lake City
Million Solar Roofs Partnership

Comments on Division of Public Utilities Memorandum of June 15, 2007

To: Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

CC: Division of Public Utilities
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

From: Salt Lake City Million Solar Roofs Partnership

Re: Salt Lake City Million Solar Roofs Partnership's Comments on the Division's June 15, 2007
Memorandum on Rocky Mountain Power's proposed Pilot Solar Incentive Program
Tariff PSCU No. 47, Schedule 107 – Solar Incentive Program

Date: June 22, 2007

Dear Commissioners and Staff:

Please accept these comments addressing the Memorandum submitted by the Division of Public Utilities on June 15, 2007. The Division recommends conditional approval of Schedule No. 107, the proposed Solar Incentive Program. The Salt Lake City Million Solar Roofs Partnership (herein referred to as "the Partnership") submits that some of the Division's conditions placed on tariff approval could lead to unnecessary delays in regulatory approval. We respond to Division's comments and other pertinent issues relating to the solar pilot program below. Any questions regarding these comments can be directed to Sarah Wright, Director of Utah Clean Energy, at (801) 363-4046 or Rich Collins, Project Consultant, at (801) 580-4596.

Cost-Effectiveness Measures

The Division's first condition for program approval recommends that the Commission provide an opinion and/or guidance regarding the appropriate cost-effectiveness measure that would apply if this program were to be made permanent is premature. The program is a pilot program with a specified expenditure and a specified time period of five years. Evaluation of the appropriate cost-effectiveness test for a permanent program should be made at the time a permanent program is proposed. Furthermore, it is our understanding that a regulatory docket investigating DSM and cost-effectiveness tests will be open in the near future; we could potentially look at this issue in the upcoming docket. However, the resolution of this issue should not delay the implementation of this pilot program.

Please see our initial comments and analysis of cost-effectiveness included in our May 25, 2007 comments (see attached).

Overall Project Goals and Long-Term Objectives

The second condition specifies that the Company must provide the Commission and Division with a project overview that better defines the overall project goals and identifies long-term objectives, and contains a plan of action showing how the data and information will be compiled and reported and what actions will be taken once the program expires. In the Division's Memo, it is not clear if this condition must be met prior to approval (page 1) or if the condition requirements would go into affect pending Commission approval (page 7). It is our opinion that condition 2 should go into affect pending approval, but should not be a requirement met prior to approval.

We feel the program goals and objectives were clearly laid out in the Company's proposal. The overall goal of the program is to assess the willingness of customers' to participate in this program and to assess the electrical output that results from the program and how it matches system peak. The program will also give the Company experience in administering a distributive generation program. The Division cites six separate goals the Company has set for its first year (page 3):

- Begin gathering information on the benefits, costs, and participation rates associated with the implementation of "buydown" incentives offered under the program.
- Assess the potential of PV uptake and deployment within Utah.
- Implement program marketing efforts.
- Establish and administer program caps that include a 107 kW limit and cap between residential (57 kW) and non-residential participants (50 kW), with a limit of one project per owner.
- Provide participant information that includes application forms, design guidelines, an installation contractor database, utility standards and requirements, and contact information
- Develop application guidelines and develop a program process flow.

The Division expressed concern that the long term goals and objectives were not adequately defined, particularly in regards to the future viability of the program after the initial pilot program ends. The Partnership recommends that future viability of the program be evaluated in the annual program review outlined in the Division's condition 3 (page 2). Data from the pilot program annual reviews will provide insight into future course of action and/or long term viability.

Performance Targets and Annual Program Review

The Partnership supports an annual program review and recommends that the Program Administrator develop an annual review protocol that includes a data analysis plan. We feel that in order for the program to provide the necessary data and continuity, the program should be approved for the requested five years. The Division's condition to identify annual performance targets to justify the program's continuance appears to be administrative overkill for such a small pilot program.

Renewable Energy Credits

The Division's Memorandum did not address our key concern regarding ownership of the Renewable Energy Credits (RECs) associated with the Company's Solar Incentive Program (see attached for the Partnership comments, submitted May 25, 2007). We strongly recommend that the Commission provide guidance and ruling regarding the ownership of the Renewable Energy Credits (RECs) associated with the solar incentive program. Section 5.5 of the PacifiCorp's Implementation Plan entitled "Renewable Energy Credits" addresses REC ownership and reads as follows:

The signed Project Applications transfers the Renewable Energy Credits (RECs) associated with the portion of the array eligible for Rocky Mountain Power incentives to Rocky Mountain Power.

Given that the utility rebate is only covering a portion of the total system cost, the RECs transferred to Rocky Mountain Power should be proportionate to the percentage of cost covered by the utility relative to the total system cost. Currently in Utah, a typical 1 kilowatt system costs approximately \$10,000, and, under Schedule 107, Rocky Mountain Power proposes a \$2 per watt rebate, or \$2000 per kilowatt – this represents approximately 20% of the total system cost. As such, the Company should receive 20% of the RECs associated with the system. Awarding all the RECs to the Company when it only contributes approximately 20% of the cost would be unfair to participating customers and the emerging solar industry. It is our understanding that solar industry representatives have filed comments on this tariff addressing this issue. Accordingly, we recommend that the Commission provide guidance and ruling to revise the distribution of RECs such that the Company receives RECs in proportion to the percentage (fixed at 20-25%) of the portion of the project funded by the Company's Solar Incentive.

Timeline for Implementation

Regarding the reference to the timeline for initial year applications and installation deadlines in the Program Overview (page 3), the Partnership would like to note that the timeline stated in the original docket was based on an anticipated launch date of an April 22, 2007. The requirement that the first year's program's project be completed before January 30, 2008 is no longer valid given that the application approval process has been delayed. As such, the Partnership recommends any project timelines should be adjusted to coincide with the approval date of the pilot program.

We respectfully urge the Commission to approve this program expediently with consideration of our aforementioned recommendations and without onerous conditions that could delay implementation and add administrative costs to the program.

Thank you for your time and consideration of this matter.

Sincerely,

Sarah Wright, Utah Clean Energy
Rich Collins, Project Consultant

On behalf of the Salt Lake City Million Solar Roofs Partnership