



**November 30, 2010**

**Utah Public Service Commission  
Heber M. Wells Building  
160 East 300 South  
Salt Lake City, UT 84114**

**RE: Comments on Docket 07-035-T14 – Three year assessment of the Solar Incentive Program**

Dear Public Service Commissioners,

We are submitting these comments in response to a recent request for public input on Docket 07-035-0T14 and Rocky Mountain Power's three-year assessment of their Pilot Solar Incentive Program. We appreciate all the work, energy, and resources that have gone into developing and implementing the current pilot program, and we are pleased to have the opportunity to participate in the review of the program's three-year assessment.

Salt Lake City and Salt Lake County have earned the distinguished designation as one of 25 US Department of Energy (DOE) Solar America Cities in the nation. Through our Solar America Cities partnership, we seek to remove barriers to the adoption of distributed solar energy and increase the amount of solar installed City and County-wide by 10 MW by 2015. Our interest in solar energy stems from our respective commitments to pursue strategies, programs, and initiatives that improve and protect Utah's pristine environment, reduce harmful air pollution and greenhouse gas emissions, adopt cost-effective solutions to today's environmental and economic challenges, and pursue opportunities that mitigate impacts on public health and quality of life for our constituents. We view distributed solar as one of the many solutions that we can pursue to address these issues, and we are interested in collaborating with all stakeholders to make solar more readily available, simple to adopt, and financially attractive. While we have made progress on these fronts over the years, barriers to solar energy remain and Utah's solar adoption rates are low compared to neighboring markets. We also recognize that determining the value of solar (or other inexhaustible, renewable energy resources) is challenging given the discrepancies surrounding the avoidance of risk and the value of the environmental benefits and other unique benefits that these resources provide to customers, the public at large, and the utility. To that end, we welcome the opportunity to work with all involved stakeholders to assess the full value of distributed

solar generation and develop cost-effective programs that enable customers and the utilities to reap the full benefits of this resource.

In the original order on the solar incentive program (Docket No. 07-035-T14 - Order Approving Tariff with Certain Conditions), the Commission states: “although all power production involves some adverse environmental effects, we believe substantial benefits to the environment and the general public may be cost-effectively derived from such a program” (page 6).<sup>1</sup> We concur with this assessment and were intrigued to find that the three-year assessment report shows that altering the administrative costs of the program from the current levels (30%) to a more moderate 5% or 10% yields a net benefit on the Utility Cost Test. It is our understanding that this positive cost test result suggests that an expanded solar program (with economies of scale and lower administrative costs) could provide benefits to the environment and the general public in a cost-effective manner.

As such, we recommend that the Commission and Rocky Mountain Power continue and expand this solar program, making any necessary modifications to create a cost-effective program. Additionally, the benefits used to analyze the program should take into consideration the multiple benefits of distributed solar energy, both economic and environmental. It is our understanding that a recent order by the Commission on Docket 09-035-27, the Commission order states “we concur with the recommendation to evaluate small-scale renewable resources, such as solar photovoltaic projects on a similar basis as energy efficiency and load management until other economic tests are available. Thus, all five tests will be performed. Should any of the tests fail, the Company and parties may present arguments, and we shall consider, whether the program is in the public interest for reasons other than economic efficiency” (Docket No. 09-035-27, pg 15).<sup>2</sup> As such, we encourage the Commission to consider the solar incentive program in light of this information.

Deploying solar on commercial and residential facilities at greater penetrations across the Salt Lake Valley can help reduce emissions that contribute to bad air quality days and global climate change, while also preserving our precious and limited water and natural resources. High penetrations of solar have the potential to reduce the use of natural gas power plants that are located along the Wasatch Front in the summer months. Distributed solar generation can also provide benefits to the utility grid, as was as was noted in public comments on Docket 08-035-78 - In the Matter of: of the Consideration of Changes to Rocky Mountain Power’s Schedule No. 135 - Net Metering Service.<sup>3</sup> A recent study conducted by Sandia National Laboratories in conjunction with Rocky Mountain Power, Salt Lake City, and Utah Clean Energy, as part of the US DOE Solar America Cities Technical Assistance efforts, also reveals some of the added benefits of solar on the distribution system. The study examined the potential to defer costly upgrades to substations with the application of relatively high penetrations of distributed solar PV at targeted locations across the Salt Lake Valley. The near-final findings of the study show that 10% and 20% PV penetration on residential and commercial substations provides opportunities for deferment of

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<sup>1</sup> Docket 07-035-T14 - In the Matter of the Approval of Rocky Mountain Power’s Tariff P.S.C.U. No. 47, Re: Schedule 107 - Solar Incentive Program. Order Approving the Tariff with Certain Conditions. 3 August 2007. <http://www.psc.utah.gov/utilities/electric/elecindx/2006-2009/07035T14indx.html>

<sup>2</sup> <http://www.psc.utah.gov/utilities/electric/elecindx/documents/638480903527o.pdf>

<sup>3</sup> Docket 08-03-78, <http://www.psc.utah.gov/utilities/electric/elecindx/0803578indx.html>. Comments from Utah Clean Energy, Western Resource Advocates, and the Interstate Renewable Energy Council.

transformer/station replacement or upgrade, depending on the location and the situation.<sup>4</sup> This study also demonstrated the added value that energy storage could provide to the grid, especially when combined with higher penetrations of solar PV; these findings provide a compelling reason to support Rocky Mountain Power's pursuit of the proposed energy storage demonstration project. However, we do not think the energy storage effort needs to happen at the expense of the solar program, and we encourage all parties to identify a way to support both efforts simultaneously.

In light of these benefits and the positive utility cost test cost-effectiveness analyses, we recommend that the current solar program not be eliminated, but, rather expanded. As mentioned, we look forward to working with all involved stakeholders on any next steps and appreciate this opportunity to provide input. Please contact us with any additional questions you might have on this matter.

Sincerely,



Vicki Bennett  
Director, Division of Sustainability  
Office of Mayor Ralph Becker



Kimberly Barnett  
Environmental Coordinator  
Office of Mayor Peter M. Corroon

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<sup>4</sup> Exploration of PV and Energy Storage for Substation Upgrade Deferral in SLC, Utah. Second Progress Report for Rocky Mountain Power, Salt Lake City, and Utah Clean Energy. Sandia National Laboratories. Abraham Ellis, Mark Ralph, Garth Corey, Dan Borneo. October 4, 2010. Available upon request.