

To: Utah Public Service Commission

From: Utah Solar Energy Association

Date: November 30, 2010

Reference: Comments on 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; Three year Assessment of the Solar Incentive Program

Dear Public Service Commissioners and Commission Staff,

Thank you for the opportunity to provide comments on *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* and Rocky Mountain Power’s three-year assessment of their pilot solar incentive program. The Utah Solar Energy Association is a non-profit 501(c)3 that represents the solar industry in Utah. We are a membership based organization with membership that spans the solar industry including individual solar installers, utility scale renewable energy developers, manufacturers, and other related companies and organizations. We represent hundreds of members and over 40 business members with hundreds of their own employees active in the solar industry in Utah. We have seen increased economic activity in Utah in the solar energy sector in the past three years. As a result of RMP’s pilot solar incentive program and a similar rebate program offered by the state of Utah this past year, Utah has seen an increase in competition between solar contractors which has helped to put downward pressure on the price of solar in Utah. As solar technologies continue to progress and solar installation costs decrease through increased competition and economies of scale, solar energy will be an effective tool to help diversify our energy portfolio and hedge against price uncertainty in traditional power sources.

In representing the solar contractors that have helped their customers apply for and receive RMP’s solar incentive, we want to thank Rocky Mountain Power (“RMP”) and the Public Service Commission (“Commission”) for their efforts to this point in creating and implementing a much needed utility solar incentive program. This program has been a great success. We submit these comments for your consideration, and thank you once again for the opportunity to submit comments and participate in this important process.

Comments on the Three-Year Assessment of the Pilot Solar Incentive Program

1. The pilot program and the three-year assessment provide enough information to justify

expansion of the solar program, provided that it is designed to be cost-effective. The fact that this program has been over-subscribed each year since its inception shows the interest and demand among RMP's rate payers for solar incentives to help level the playing field. We recommend that RMP's Solar Incentive Program should be continued and expanded. The solar incentive program provides many benefits to RMP's ratepayers including a more diverse resource portfolio and a hedge against fossil fuel price uncertainty. The RMP solar incentive pilot program has also demonstrated that there is a large demand for an expanded solar incentive program by RMP's rate payers.

2. The program's current administrative costs seem extraordinarily high (30% of the total resource cost) compared to other utility solar incentive programs. The small pilot program suffers from lack of economies of scale and the high administrative costs negatively impact the overall cost-effectiveness of the program. Expanding the program will help to increase the efficiency of the program by reaching economies of scale and decreasing the relative cost of administering the program.
3. We are supportive of the proposed Energy Storage Technology demonstration project, but this demonstration project should not be pursued instead of funding the solar incentive. The solar rebate program and the energy storage technology demonstration project should not be considered mutually exclusive. We recommend that the Commission and Rocky Mountain Power look into ways that both the solar rebate and the energy storage technology project can be pursued at the same time.
4. In the report RMP states that "the pilot program demonstrated that the limited ability of solar to generate during the typical evening peak hour restricts the contribution to system peak demand. And, volatility of intermittent solar energy production can create integration challenges with the distribution system" (pg 9). It is true that Solar PV will not address the complete peak demand, however, it does help to shave peak demand by producing energy during the summer in Utah when air conditioning use is at its highest. In this assessment report on page 3 in the graph of RMP customer's solar production on August 3, 2010 it is clear that Solar PV does produce electricity throughout the entire day on RMP's Wasatch Front peak day. If Solar PV can help shave the peak on high demand days like this there is obviously a place for it in the IRP and more efforts should be made and an expanded rebate program should be in place to increase the amount of distributed solar PV on the system.
5. A number of times in the report RMP states that the solar rebate program is no longer needed because solar installations are taking place without the RMP solar rebate program. However,

nowhere in the report does it discuss the extenuating circumstances that have led to the installation of solar PV systems in the RMP service territory that did not receive the RMP solar rebate. In 2010 Utah saw its largest growth in Solar PV installations since the start of the RMP solar rebate program. As discussed in this report, only 26% of the net metered customers were incentivized to install Solar PV through this program. The report uses this as a justification for why the rebate program should be eliminated, but in reality taking into consideration other important factors this is actually a justification for expanding the program. In 2010 Utah saw a large upsurge in the number of net metered systems because of a parallel solar rebate program that was offered by the Utah State Energy program as part of the United States' American Recovery and Reinvestment Act. This rebate program and other solar incentives that were offered through the Utah State Energy Program skews the data to make it appear as though solar installation will continue to take place within the RMP service territory without the RMP solar rebate program, but this is a faulty assumption because it does not take into consideration the impact of the parallel solar rebate offered by the Utah State Energy Program. If anything, the Utah State Energy Program has demonstrated to a greater extent the large demand for an expanded solar rebate program that would allow for more than 107 kW of solar PV per year. The Utah State Energy Program solar rebate has been concluded and does not have money for 2011, as a result we will see a substantial decrease in the amount of solar PV installed on the system if the RMP solar rebate program is not continued and expanded. Solar PV offers a number of very important benefits to the system and to RMP rate payers as a whole. All possible efforts should be taken to avoid losing the RMP solar rebate program and to enlarge and expand it as soon as possible.

6. While some solar PV systems may be limited in their ability to contribute to the system evening peak, solar still provides energy during hot summer days, when system demand is high and energy prices are higher. Arguably, solar's contribution during hot summer days has a value and on-site generation helps reduce consumer demand during these times. A properly-sited solar PV system located on a commercial facility (which operates during the day) will likely generate power during the commercial customer's peak, which helps reduce the consumer demand on the system. On the matter of integration, it is our understanding that Utah's recently revised and approved Interconnection Standards provide stringent guidelines and requirements for customer interconnection to mitigate and/or avoid detrimental impacts on the distribution system and the grid. And, as noted in the three-year assessment, no negative impacts have been experienced at current penetration levels (*pg. 9*).
7. In conclusion, we recommend that the Commission and RMP expand the solar rebate pilot program to a larger and long-term solar program. Thank you again for the opportunity to

provide comments and participate in this process.

Respectfully,
Levi B. Belnap
Executive Director, Utah Solar Energy Association