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Public Service Commission of Utah
Heber M. Wells Building, 4th FL
160 East 300 South
Salt Lake City, UT 84114

Subject: Docket No. 07-035-T14, *2010 Annual Report of the Solar Photovoltaic Incentive Program*

To Whom It May Concern:

Thank you for the opportunity to comment on Docket No. 07-035-T14, *2010 Annual Report of the Solar Photovoltaic Incentive Program (SIP Program)*. The Office of Energy Development has reviewed the report and believes that, in concert with information gathered through state administered incentive programs, it provides information that supports continuation and a modest expansion of the program.

1. Data from the state renewable energy tax credit data base supports the trend of decreasing installed system costs described in the SIP Program. The state data shows the average installed cost per PV watt in Utah for residential and commercial systems without battery backup decreasing from an average of \$ 9.55/DC watt in 2008 to \$6.91/DC Watt in 2010, a 27.6 percent decrease. The supporting sets of information confirm the rapidly evolving cost trends of distributed PV generation in Utah. This trend should continue as the U.S. Department of Energy has committed to the Sunshot program to lower the cost of PV to \$1/watt (<http://www.energy.gov/news/10050.htm>). The cost and trend data generated by the SIP Program is a valuable tool for making informed economic and resource allocation decisions.
2. The Office of Energy Development administers a tax credit program and has administered an ARRA funded rebate program for approximately 10 percent or less of the total incentive program budget. Based on this experience the Office of Energy Development believes the higher administrative cost attributed to the SIP Program results in inaccurate leveled cost tests measuring the effectiveness of the SIP Program.
3. The report shows the number of installation contractors increasing by six during the reporting year. This increase in installation contractors is a useful measure of private sector confidence that solar PV is a viable industry.

4. There is significant and increasing consumer demand and utilization of the SIP Program. The SIP Program is fully subscribed and has a waiting list. The state renewable energy rebate program paid out 160 rebates for PV systems installed during the past 12 months. The rate of utilization is an important measure of consumer acceptance and interest in PV technology.
5. Technology integrating PV power production and energy storage for electric vehicles and/or for drawdown for serving peak demand is evolving rapidly. The SIP Program provides a reasonable investment in understanding public acceptance of PV technology and establishing effective levels of support from incentives in comparison to balance of system costs.

In summary, the Office of Energy Development recommends the *Solar Photovoltaic Incentive Program* be continued for an additional five years and expanded to fund a minimum of 75 to 150 systems per year to develop even more robust data. The report shows positive trends supporting increasing market interest and demand, as well as, decreasing costs. A larger sample size will confirm market interest and demand and provide information that will contribute to making critical decisions directing efforts to optimize energy development during a time of rising electricity prices and a rapid evolution of energy technologies and options.