

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Approval of Rocky Mountain Power's Tariff P.S.C.U. No. 47, Re: Schedule 107 - Solar Incentive Program)	<u>DOCKET NO. 07-035-T14</u>
In the Matter of an Investigation into Extending and Expanding the Solar Incentive Program and Possible Development of an Ongoing Program)	<u>DOCKET NO. 11-035-104</u>
)	<u>ORDER ON THE</u>
)	<u>2010 ANNUAL REPORT OF THE</u>
)	<u>SOLAR INCENTIVE PROGRAM</u>
)	<u>AND NOTICE OF AGENCY ACTION</u>
)	

ISSUED: July 7, 2011

By The Commission:

INTRODUCTION

On April 4, 2007, PacifiCorp, doing business in Utah as Rocky Mountain Power ("Company"), filed with the Utah Public Service Commission ("Commission") a request for approval of Schedule 107 - Solar Incentive Program ("Program"). The Program is a five-year pilot program providing financial support to those customers who purchase and install solar photovoltaic systems.

On August 3, 2007, the Commission issued an Order Approving Tariff with Certain Conditions ("Order"). As a component of the Program, the Company committed to file an annual report of the program summarizing annual program results and related expenditures by March 1st of each year. In addition to the annual Program reports, this Order also directed the Company "to provide a report within three years, assessing whether changes are warranted in any element of the Program, including the caps."

Pursuant to the requirements of the order, on May 27, 2009, the Company filed annual reports for 2007 and 2008, and on March 15, 2010, the Company filed the annual report for 2009. The Commission on August 5, 2009, and September 10, 2010, respectively, acknowledged these reports.

On September 30, 2010, the Company filed with the Commission its Three-Year Assessment of the Program. In addition to providing Program assessment data and recommendations, the Company also addressed issues raised by parties concerning the Company's 2009 Annual Report.

On February 10, 2011, the Commission issued an order acknowledging the Three-Year Assessment of the Program. This order directed the Company to continue the program through the end of the original five-year term, reduce the incentive amount to \$1.55 per watt, and provide additional detail in response to parties' questions on the Company's 2009 Annual Report.

On March 7, 2011, the Company filed its Annual Report for the Solar Incentive Program for Year 2010 ("2010 Annual Report"). On March 23, 2011 and March 24, 2011, respectively, the Commission issued an action request to the Division of Public Utilities ("Division") and a request for comments on the 2010 Annual Report due May 23, 2011. In addition to comments on the 2010 Annual Report, the Commission invited interested parties to address whether a continued or expanded solar program in Utah is appropriate and how that program might be structured.

On May 17, 2011, the Division requested an extension of time to file comments on the 2010 Annual Report and the future of the program until Thursday, June 9, 2011, in order to complete its investigation.

As of June 13, 2011, in addition to the Division and the Office of Consumer Services (“Office”), the following parties provided comments on the 2010 Annual Report and Program future in response to the Commission’s March 24, 2011 request: Salt Lake County; The Utah Office of Energy Development; Brach Design Architecture; Progressive Power Solutions, Inc.; Utah Solar Energy Association; Wal-Mart Stores, Inc.; Utah Clean Energy; Bella Energy Inc.; Vivint Solar and Vivint Smart Grid; Enfinity America Corporation; The Vote Solar Initiative; Park City Municipal Corporation; Creative Energies; PerpetualGreen, LLC; Wasatch Clean Air Coalition; HEAL Utah; the State of Utah Division of Facilities Construction and Management; Jennifer Shake; Bob and Vicki Kolan; Andrea Haugen; Arthur R. Brothman Ph.D.; Robin E. Beasley; Charlene Polychronis; Jon P. Gilbert; Jim Jensen; Joyce T. Matsuno; Stacy Courtright; Dee Wilson; Robin Hori; Ross Chambless; Randy Hanson; Mary Ann Wright; Darrell G. Hafen; Nancy Orr; Chamonix Larsen; E. Miranda Menzies; Steven Wright; Troy Elliott; M.H. and Zelda Emerson; Russ and Jeannie Harmer; Robert Jacobs; Art Brothers, Jr.; Ed and Teresa Dieringer; Steve Boulay; Nancy Pitblado; Jay Miles; Andrew Brown and Blake Howell; Charlie Boas; Frances E. Chamberline; Jennifer Bodine; Naomi Franklin Ph.D.; and Kristina Heintz (collectively known as the “Parties”).

SUMMARY OF THE 2010 ANNUAL REPORT

In the 2010 Annual Report, the Company provides an overview of the overall project goals, key program elements and design features. The report also summarizes annual program results, including a listing of installed capacity and related expenditure data. The summary also includes information about the number of annual applications, the number of projects completed, and the number of applications approved, denied, or withdrawn.

The report also shows the number of contractors that performed the equipment installations along with the number of installations each contractor performed, and the number of customers served by each contractor. The report also details project marketing efforts, equipment availability issues, and allocation of program incentives. Finally, the report includes recommendations for the upcoming year and the program data to be collected.

PARTIES' COMMENTS AND RECOMMENDATIONS

The Division recommends the Commission acknowledge the 2010 Annual Report filed by Rocky Mountain Power as meeting the Commission's requirement for the Program.

The Division performed a sensitivity analysis of the cost-effectiveness test by simply eliminating the meter costs and reducing the incentive level to \$1.55 while holding all other parameters of the test unchanged. The Division argues these simple changes made the program cost effective under the Utility Cost Test. Additionally, the 2011 IRP System Optimizer selected all available solar every year in both rebate cost scenarios. The Division further states an extension and an expansion of the program may be warranted. The Division recommends the Commission hold a technical conference in which interested parties can discuss the appropriate way to extend and expand the program, among other issues.

The Office observes the 2010 Annual Report indicated the Program is not cost effective for any of the standard cost effectiveness tests. In light of the Program's failure to meet the cost effectiveness tests, the Office believes the following issues warrant additional analysis:

- Could program modification help it to become cost effective? For example, could the program require certain placement of the solar resources to better maximize benefits to the system?

- Are there solar technologies forthcoming that will allow the Program to become more cost effective on both a cost and a benefit perspective and if so what is the expected timeframe?

The Office recommends the Commission initiate an investigative docket to determine the Program's future and schedule a technical conference for this fall.

While the majority of the Parties voiced support for the continuation and expansion of the Program, a sample of Parties' comments on the 2010 Annual Report and of the program future include:

- With the current incentive of \$1.55/watt, the Solar Rebate Program passes the Utility Cost Test and the program can be modified to be even more cost effective.
- Renewable Energy Credits (RECs) should be distributed to the Company proportionate to the percentage of system cost covered by the utility, as is the provision in the current Program.
- System size caps should be removed or placed at levels allowing meaningful implementation and derive benefit for Utah's taxpayers and ratepayers.
- In utilizing the solar program to help meet the super peak residential energy demand, the Company and Commission might consider offering a tiered incentive for different system orientations, with higher incentives allocated to systems oriented west or southwest (which maximize solar production during the later part of the day, but reduce the overall annual output of the system).
- Current Program incentive rates appear to be appropriate but there is support for the implementation of a performance-based incentive, for commercial systems.
- The Commission should require an annual review of the Program, with more comprehensive three and five year reviews.

DISCUSSION, FINDINGS, AND CONCLUSIONS

We appreciate the time and energy put forth by interested parties in responding to our request for comments. Based on the comments received from the Division, the Office, and the majority of interested parties, there is support and merit for further discussion of the Program's future.

We concur with the Division's sensitivity analysis and take note of their observation that the 2011 IRP selects the maximum available solar resource. Based on the Division's recommendation, we conclude the Company's 2010 Annual Report generally meets the requirements identified in our August 3, 2007, Order.

We hereby open an investigative docket pursuant to Utah Code Ann. §§ 63G-4-201 and 54-4-1, and direct the Division to organize and lead a workgroup to investigate extending and expanding the Program and, if appropriate, develop an ongoing program designed to be cost-effective.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The Commission acknowledges the 2010 Annual Report;
2. The Division shall issue workgroup recommendations to the Commission no later than November 1, 2011;
3. These investigative workgroup proceedings shall be conducted informally pursuant to Utah Code Ann. §§63G-4-202 and 63G-4-203 and applicable statutes and rules;
4. The investigative workgroup docket title is "In the Matter of an Investigation into Extending and Expanding the Solar Incentive Program and Possible Development of an Ongoing Program" with a docket number 11-035-104;
5. Should a hearing be ordered, the Commission's presiding officer shall be David Clark, 160 East 300 South, Fourth Floor, Salt Lake City, Utah 84111, 801-530-6716.

DOCKET NOS. 07-035-T14 AND 11-035-104

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DATED at Salt Lake City, Utah, this 7th day of July, 2011.

/s/ Ted Boyer, Chairman

/s/ Ric Campbell, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
D#207729