



State of Utah  
Department of Commerce  
Division of Public Utilities

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## MEMORANDUM

To: Public Service Commission of Utah

From: Division of Public Utilities  
Chris Parker, Director  
Energy Section  
Artie Powell, Manager  
Charles Peterson, Technical Consultant  
Carolyn Roll, Utility Analyst

Date: August 29, 2012

Re: Docket No. 11-035-104 In the Matter of the Investigation into Extending and Expanding the Solar Incentive Program and Possible Development of an Ongoing Program pursuant to Rule R746-404. Division's Recommendation - Approval.

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### RECOMMENDATION (Approval)

The Division of Public Utilities (Division) recommends that the Public Service Commission (Commission) approve the application for the Solar Incentive Program (Program) and approve the proposed Electric Service Schedules 107 and 195, with an effective date of October 12, 2012.

### ISSUE

On July 26, 2012, the Commission held a duly-noticed scheduling conference in this docket to set a procedural schedule for processing an application for approval of a new Solar Incentive Program. On August 10, 2012 Rocky Mountain Power (Company) filed its application of a Solar Incentive Program and proposed Electric Service Schedules 107 and 195 and requested an effective date of October 12, 2012. As outlined in the Scheduling Order in Docket No. 11-035-

104 dated July 27, 2012, deadline for filing comments on the application are due August 29, 2012. This memorandum represents the Division's comments on the application.

## **DISCUSSION**

In a July 7, 2011 Order, the Commission, opened an investigative docket (Docket No. 11-035-104) and directed the Division to organize and lead a workgroup to investigate extending and expanding the Solar Incentive Program and, if appropriate, design an ongoing program designed to be cost-effective. The Solar Incentive Program was a 5-year pilot program established by the Commission on August 3, 2007 in Docket No. 07-035-T14. The 5-year pilot program was for the 2007-2011 time period.

Pursuant to this Order, the Division organized and led a workgroup, and on November 8 provided a report to the Commission with its recommendations for continuing the Solar Incentive Program. In that report, the Division concluded that it appeared to be in the public interest to continue a solar incentive program. The Division recommended that the Commission extend the Solar Incentive Program for one year, double the size of the annual kilowatts available to 214 kW, and increase the annual budget to \$385,000. The annual budget for the one-year extension was based upon the \$1.55 per watt incentive rate and an assumed 15 percent administrative cost.

Further, the Division recommended that the Commission direct the formation of a new Solar Incentive Program Workgroup to recommend a new Solar Incentive Program and to develop a new program design. The Division stated a goal of having the workgroup complete its work and make a recommendation to the Commission by March 31, 2012.

On December 21, 2011, the Commission approved the Division's recommended extension and expansion of the Solar Incentive Program for one year and directed the Division, pursuant to its recommendation, to organize and lead a workgroup to investigate extending and expanding the Program. On January 25, 2012, the Commission held a scheduling conference to schedule a straw-man proposal deadline, technical conferences, and workgroup meetings.

The Division hosted workgroup meetings on February 16, February 24, and March 9, and settlement discussions on March 22 and April 3. A technical conference was held on August 3, 2012 to review the cost effectiveness results provided by The Cadmus Group, followed by a settlement discussion that same day. Participants in these meetings included the Division; the Office of Consumer Services (Office); Rocky Mountain Power; Utah Clean Energy; the Utah Association of Energy Users; the Utah Office of Energy Development; Salt Lake City; Park City; solar industry representatives, including the Utah Solar Energy Association, Creative Energies, Bella Energy, Intermountain Wind and Solar, Vivint Solar, and SunTech; Garbett Homes; and Wal-Mart.

The cost effectiveness of the proposed Solar Incentive Program compares very favorably to current demand side management and energy efficiency programs. Using cost effectiveness analyses similar to those used for demand side management and energy efficiency programs, the proposed program delivers a Utility Cost Test benefit to cost ratio of 1.75. The CADMUS cost effectiveness report for the program is attached to the Company's application as Exhibit D.

## **SUMMARY AND CONCLUSION**

The Division was very involved in developing this proposed program and concludes that the Company's filing represents the program that was developed by the parties that participated in this docket.<sup>1</sup> The Division supports the program as developed with the other parties. Based on the cost effectiveness results and the potential to add to Utah's renewable clean energy capacity, the Division believes that the Program is in the public interest. In addition, the Division believes that the proposed promotional program is in accordance R746-404. Therefore, the Division recommends that the Commission approve the new Solar Incentive Program and cost adjustment as proposed in Schedule 107 and 195.

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<sup>1</sup> The Division does not represent that all parties necessarily are in complete agreement with all terms of the program.

CC: Dave Taylor, RMP  
Michele Beck, OCS  
Solar Incentive Service List